Special Inspector General for Iraq Reconstruction

Quarterly Report and

Semiannual Report to the

United States Congress

[January 30, 2010]

(Public Law 108-106, as amended, and Public Law 95-452)

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MESSAGE FROM THE SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

This 24th Quarterly Report from the Special Inspector General for Iraq Reconstruction analyzes the latest events in Iraq as the U.S. relief and reconstruction effort continues to transform itself into a more regularized foreign assistance mission. Within the context of this transformation, two events of historic importance will occur over the next seven months, which will fundamentally affect the U.S. program:

- In March, Iraq will conduct its first parliamentary elections since 2005, pitting Prime Minister al-Maliki's coalition against a broad array of contenders and marking the first time Iraq's fledgling democracy has had an incumbent government face the voters' judgment at the ballot box.
- By the end of August, 60,000 U.S. combat forces will withdraw from Iraq, reducing the U.S. troop levels to about 50,000 soldiers. Before these remaining troops leave at the end of 2011, they will continue training and advising the Iraqi Security Forces.

The most notable event from the past quarter—and perhaps the most notable economic event in modern Iraqi history—was the December 11–12, 2009, round of bidding for new oil service contracts. The Ministry of Oil accepted bids on seven oil fields in Iraq, including one from a Russo-Norwegian consortium for the largest field and one from Royal Dutch Shell and Malaysia's national oil company for the second-largest field. The bidding process appeared to be transparent and fair, and its results hold great promise for Iraq's economic future. But, to succeed, the winning bidders must overcome Iraq's aging infrastructure, rampant corruption, and fragile security.

In November 2009, I visited Iraq for the 25th time and met with several high-ranking GOI officials, including the Chief Justice of Iraq's Higher Judicial Council, the Minister of Justice, the Minister of Finance, the President of the Board of Supreme Audit, and the Commissioner of Integrity. Some common themes emerged from these diverse meetings: the endemic presence of public corruption, the challenge of conducting free and fair elections followed by a rapid and peaceful transition, and the need to diversify Iraq's economy. I also met with U.S. military and civilian leaders, including General Raymond Odierno and Ambassador Christopher Hill. The themes on the U.S. side are transition, transformation, and withdrawal. In mid-February, I will travel again to Iraq to consult with U.S. and GOI leadership and to support SIGIR's continuing oversight efforts.

This quarter, SIGIR published five audits and five inspections, including what was certainly one of SIGIR's most significant audits to date: the follow-up review of the Department of State's oversight of DynCorp International's contract for police training. This audit identified more than $2.5 billion in taxpayer funds that are vulnerable to waste and fraud because of weak contract oversight. SIGIR's finding is particularly salient given that management of the police training program will be transitioned to the Department of State in 2011. I am also pleased to report that the SIGIR Audits Directorate passed its mandated peer review this quarter with the highest grade possible.

SIGIR's auditors continue to cooperate closely with SIGIR's investigators in our ongoing forensic audit initiative. This congressionally mandated program is reviewing every available transaction in the expenditure of all U.S. reconstruction funds. To date, SIGIR has analyzed more than 73,000 transactions and flagged, for further review, questionable transactions worth more than $340 million. Work performed by SIGIR's forensic auditors has led to the opening of 27 criminal investigations.

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Finally, on February 5, 2010, SIGIR will publish its fifth Lessons Learned report: *Applying Iraq's Hard Lessons to the Reform of Stabilization and Reconstruction Operations.* The report will suggest an innovative solution to the U.S. government's management of stability and reconstruction operations (SROs), recommending the creation of a single agency responsible for planning and conducting them—the United States Office for Contingency Operations.

I remain grateful to the Departments of State and Defense for their continuing support of SIGIR's significant in-country presence in Iraq. And I commend our contingent of 35 SIGIR auditors, inspectors, and investigators working in Iraq for their commitment and bravery in carrying out what has been the toughest oversight mission in U.S. history.

Respectfully submitted this 30th Day of January 2010,

Stuart W. Bowen, Jr.
Special Inspector General for Iraq Reconstruction

SIGIR Summary of Performance
As of January 30, 2010

Audits

Reports Issued	160
Recommendations Issued	399
Dollars Saved and Recovered ($ millions)	$81.79
Dollars Put to Better Use ($ millions)	$229.72
Challenged Payments ($ millions)	$14.74

Inspections

Project Assessments Issued	164
Limited On-site Assessments Issued	96
Aerial Assessments	846

Investigations

Investigations Initiated	474
Investigations Closed or Referred	361
Open Investigations	113
Arrests	26
Indictments	33
Convictions	25
Court-ordered Restitution/Forfeiture	$53,759,470

Hotline Contacts, as of December 31, 2009

Fax	18
Telephone	78
Walk-in	112
E-mail	372
Referrals	26
Mail	28
SIGIR Website	146
Total Hotline Contacts	**780**

Non-Audit Products

Congressional Testimony	27
Lessons Learned Reports Issued	4

*The complete version of this SIGIR Quarterly Report is available on the SIGIR website: www.SIGIR.mil. It is the official version of the Report, containing all appendices and corrections.

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Appendices

The appendices for this Quarterly Report are not included in the print version of the publication. They are published on the SIGIR website at www.sigir.mil.

Appendix A cross-references the pages of this Report to SIGIR's statutory reporting requirements under Section 3001 of P.L. 108-106, as amended.

Appendix B cross-references budget terms associated with the Iraq Relief and Reconstruction Fund (IRRF), Iraq Security Forces Fund (ISFF), Economic Support Fund (ESF), Commander's Emergency Response Program (CERP), and international support for Iraq reconstruction.

Appendix C cross-references projects and programs of various U.S. government agencies within SIGIR-defined sectors.

Appendix D reports on international contributions to the Iraq reconstruction effort.

Appendix E contains a list of SIGIR's completed inspections of Iraq reconstruction activities.

Appendix F contains a comprehensive list of suspensions and debarments related to Iraq reconstruction contracts or Army support contracts in Iraq and Kuwait.

Appendix G provides summaries of completed and ongoing audits and reviews of Iraq reconstruction programs and activities, released by other U.S. government agencies.

Appendix H contains a list of completed audits, reports, and testimonies on Iraq reconstruction activities released by SIGIR and other U.S. government audit agencies.

SIGIR
OBSERVATIONS

SECTION

1

IRAQ 2010: A YEAR OF DECISION AND DEPARTURE

2010 will be marked by two significant events: (1) the March 7 parliamentary elections, the first since December 2005, which will determine whether a change occurs in the Prime Minister's seat; and (2) the departure of 70,000 U.S. troops by August 31, which will formally end U.S. combat operations in Iraq. The implications and consequences of these two developments, though not directly related to reconstruction, will exert great influence on the nature and scope of the continuing U.S. effort in Iraq.

The past three months saw the following notable developments in Iraq's security, governance, and economic sectors:

- **Security.** This quarter's rise in attacks against Government of Iraq (GOI) facilities and political figures, especially in Anbar Province, demonstrated the very serious continuing danger posed by remaining insurgent elements. The safety and security of Iraq now depends on the capacities and capabilities of the Iraqi Security Forces (ISF), which still suffer significant weaknesses, particularly with regard to intelligence and logistics.
- **Governance.** Arab-Kurd disputes continue to brew trouble in Diyala, Ninewa, Salah Al-Din, and Tameem provinces. Control of oil-rich Kirkuk is the focal point of these potentially explosive tensions. Two key challenges will confront the newly elected government after the parliamentary elections: equitably completing the delayed national census, long a flashpoint in Arab-Kurd relations; and maintaining security and promoting reconciliation along the disputed "Green Line" (which separates the Kurdistan Region from the largely Arab portions of Iraq).
- **Economics.** This quarter's round of bidding for oil service contracts, the second in 2009, was a

An Apache helicopter departs the flightline to conduct operations from Camp Taji. (USF-I photo)

success and portends well for Iraq's economic growth. But the country's aging oil infrastructure needs quick and significant investment for the promise of the December round to reach reality.

REFORMING OVERSEAS STABILIZATION AND RECONSTRUCTION OPERATIONS

On February 5, 2010, SIGIR will publish its fifth Lessons Learned report: *Applying Iraq's Hard Lessons to the Reform of Stabilization and Reconstruction Operations* (SRO). This new report is divided into three parts, the first providing a brief history of SRO reform efforts, the second setting forth a series of changes essential to improving how the U.S. government currently conducts SROs, and the third recommending the creation of an integrated agency to manage SROs called the U.S. Office for Contingency Operations (USOCO). Former U.S. Ambassador to Iraq Ryan Crocker (who also served as Chargé d'Affaires in Afghanistan in 2001–2002) and former National Security Advisor Lieutenant General Brent Scowcroft support the USOCO concept. As Ambassador Crocker recently observed, after reviewing a draft of *Applying Iraq's*

Hard Lessons, USOCO "makes sense" because "the current situation requires a perpetual reinventing of wheels and a huge amount of effort by those trying to manage contingencies."[1]

U.S. RECONSTRUCTION FUNDING AND FOOTPRINT

Since 2003, the United States has appropriated more than $53 billion for the reconstruction effort in Iraq.

This quarter, the Congress authorized an additional $200.0 million for the Commander's Emergency Response Program (CERP) for Iraq and $382.5 million for the Economic Support Fund (ESF). No new money was appropriated for the Iraq Security Forces Fund (ISFF).[2] Figure 1.1 displays unexpended obligations for the Iraq reconstruction effort.

FIGURE 1.1

UNEXPENDED OBLIGATIONS
$ Billions
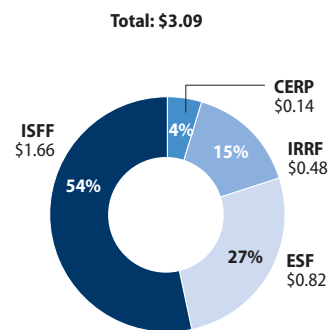
Total: $3.09

CERP $0.14 — 4%
IRRF $0.48 — 15%
ESF $0.82 — 27%
ISFF $1.66 — 54%

Note: OSD does not report CERP allocation, obligation, and expenditure data for project categories on a quarterly basis for all fiscal year appropriations. SIGIR pulls CERP allocation, obligation, and expenditure data from the IRMS, which lags in reporting by one quarter. Therefore, top-line values found in the Funding Sources subsection of this Report may not match sector totals found in the Funding Uses section of this Report.

Sources: DoS, response to SIGIR data call, 4/5/2007; NEA-I, responses to SIGIR data call, 1/13/2010 and 1/20/2010; OSD, responses to SIGIR data calls, 4/10/2009, 1/13/2010, and 1/14/2010; U.S. Embassy-Baghdad, responses to SIGIR data call, 1/11/2010, 1/14/2010, and 1/20/2010; U.S. Treasury, response to SIGIR data call, 4/2/2009; USACE, response to SIGIR data call, 1/2/2010; USAID, responses to SIGIR data calls, 4/13/2009 and 1/20/2010; USTDA, response to SIGIR data call, 4/2/2009.

SECURITY

November 2009 had the fewest Iraqi civilian casualties since 2003,[3] and December was the first month since the invasion that no U.S. service members died in combat in Iraq.[4] Attacks against soft civilian targets, such as marketplaces, have been replaced by attacks aimed at the state, either through large-scale car bombings or assassinations. Figure 1.2 provides a comprehensive view of daily casualty figures throughout Iraq from October 1, 2009, to January 20, 2010.

Attacks Shift to Key GOI Targets

The August 19, 2009, bombings of the Ministries of Finance and Foreign Affairs heralded an ominous trend in the pattern of insurgent violence, which continued this quarter, most notably with bombings in Baghdad striking the following targets:

- Ministry of Justice (October 25, 2009)
- Baghdad Provincial Council (October 25, 2009)
- Compound associated with the Ministry of Labor (December 8, 2009)
- Central Criminal Court of Iraq (CCC-I Karkh) (December 8, 2009)
- Ministry of Finance facility (December 8, 2009)

In the wake of the December 8, 2009, attacks, Prime Minister al-Maliki demoted the Iraqi Security Forces (ISF) general in charge of the Baghdad Operations Center.[5] The Council of Representatives (CoR) also asserted itself by summoning the Prime Minister and the Ministers of Defense and Interior to appear before it. Figure 1.3 shows the locations of some of the major bombings of GOI installations in Baghdad.

On January 12, 2010, ISF officials announced that they had uncovered and broken up a large-scale plot to bomb GOI ministry buildings and assassinate high-level political figures.[6] Reportedly, the Ministries of Defense and Trade were among those targeted for destruction. Iraqi

TWO IRAQI LEADERS LOOK AHEAD

Minister of Finance Bayan Jabr (Ministry of Finance website)

The Inspector General Meets with the Minister of Finance

On November 14, 2009, the Inspector General met with Minister Bayan Jabr at the Ministry of Finance in Baghdad. Their discussion covered a wide array of topics, including Iraq's 2010 budget and the persistent problem of public corruption.

Minister Jabr's observations included:

- **Budget.** Iraq would not have a budget deficit for 2009. Minister Jabr explained that oil revenues were running above expected levels, while GOI expenditures were running below.
- **International Assistance.** Iraq will receive a $3.8 billion loan from the International Monetary Fund and a $500 million loan from the World Bank.
- **Oil Exports.** Oil exports will increase to about to 6.0 million barrels per day (MPBD) over the next six years. Current levels are around 2.5 MPBD.
- **Hydrocarbons Laws.** The newly elected parliament will pass a package of hydrocarbons laws sometime in 2010, which will clarify the distribution of oil revenue.
- **Privatization.** For Iraq's economy to reach its potential, the state-owned enterprises must be privatized. None currently makes a profit.
- **Elections.** After Iraq's first free parliamentary election in December 2005, a prime minister was not named until April 2006. Minister Jabr emphasized the profound instability created by this prolonged governance gap and said it was essential to prevent the recurrence of such a gap after the March 2010 elections.
- **Corruption.** Corruption in Iraq is now worse than at any time since the 2003 invasion. The solution must start at the top because the behavior of high-ranking officials inevitably influences the conduct of their subordinates. He did not identify with whom it should start.

The Inspector General Discusses Judicial Security and the Rule of Law with the Chief Justice of Iraq's Higher Judicial Council

On November 15, 2009, the Inspector General conferred with the highest-ranking jurist in Iraq, the long-serving Chief Justice Medhat al-Mahmoud. The meeting focused on two pressing challenges facing Iraq today: judicial security and corruption.

- **Judicial Security.** The HJC controls about 5,000 security personnel who are charged with protecting Iraq's 1,268 judges. Justice Medhat noted that each judge has only 2 or 3 security officers. Most, but not all, of these officers are armed. However, the HJC does not control the guards responsible for protecting Iraq's courthouses. These guards are employees of the Ministry of Interior (MOI). Justice Medhat lamented this bifurcation of responsibilities and forcefully argued for a unified, HJC-controlled judicial security force that would protect both judges and courthouses. He cited the example of the U.S. Marshals Service as a model for what such a service should look like.
- **Corruption.** Justice Medhat noted the prevalence of corruption in the GOI, but praised the oversight work of the Board of Supreme Audit and the Council of Representatives. He observed that the two U.S.-established anticorruption agencies—the Commission on Integrity (COI) and the ministerial Inspectors General—have struggled to establish themselves and are not functioning well. Justice Medhat commented on the two most significant public corruption cases currently working their way through the Iraqi legal system. He expressed confidence regarding the case against the former Deputy Minister of Transportation (who was subsequently sentenced to 8 years in prison on December 17, 2009), but stated that more evidence was needed for the case against the former Minister of Trade.

Chief Justice Medhat al-Mahmoud (UN photo)

Figure 1.2
Significant Security Incidents, 10/1/2009–1/20/2010

October 2009

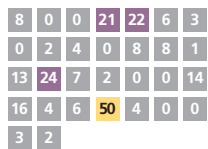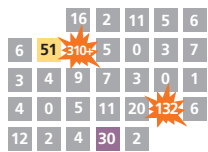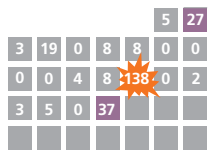|		5	0	0		
13	32	0	41	0	0	0
16	0	22	65	0	94	7
2	0	31	5	4	3	5
630+	5	2	18	3	3	25

Wednesday, October 14: **9** Iraqis killed and **56** wounded during armed attacks in Baghdad and bombings in Kerbala.
Friday, October 16: **14** Iraqis killed and **80** wounded during an attack on a mosque in Telafar.
Sunday, October 25: **132** Iraqis killed and at least **500** wounded in explosions outside of the Ministry of Justice and Baghdad Provincial Council headquarters building.
Saturday, October 31: **23** Iraqis wounded during attacks in Baghdad and Mosul.

November 2009

8	0	0	21	22	6	3
0	2	4	0	8	8	1
13	24	7	2	0	0	14
16	4	6	50	4	0	0
3	2					

Wednesday, November 4: More than **20** Iraqis injured during a series of explosions in Baghdad.
Thursday, November 5: **2** Iraqis killed and **20** wounded during attacks in Mosul, Ramadi, and Hilla.
Monday, November 16: **24** Iraqis killed during attacks in Kirkuk, Baghdad, and Abu Ghraib.
Wednesday, November 25: Approximately **50** Iraqis wounded in bombings in Kerbala and Baghdad.

December 2009

		16	2	11	5	6
6	51	310+	5	0	3	7
3	4	9	7	3	0	1
4	0	5	11	20	132	6
12	2	4	30	2		

Monday, December 7: **7** Iraqis killed and **41** wounded during an explosion in Sadr City in Baghdad.
Tuesday, December 8: At least **110** Iraqis killed and **200** wounded in a series of attacks in Baghdad that targeted GOI facilities.
Friday, December 25: **25** Iraqis killed and more than **100** wounded in bombings in Hilla.
Wednesday, December 30: **23** Iraqis killed during an attack in Ramadi, in which the governor of Anbar was wounded.

January 2010

				5	27	
3	19	0	8	8	0	0
0	0	4	8	138	0	2
3	5	0	37			

Saturday, January 2: **2** Iraqis killed and **24** wounded in attacks in Mosul and Baghdad.
Thursday, January 14: Approximately **27** Iraqis killed and **111** wounded in a series of bombings in Najaf.
Wednesday, January 20: Approximately **36** Iraqis injured during an attack in Mosul.

■ > 61 Casualties　■ 41–60 Casualties　■ 21–40 Casualties　■ 0–20 Casualties

Note: The numbers represented in the calendar graphic are estimates of total Iraqi casualties throughout the entire country on that particular day. The text to the right briefly describes significant attacks on select days and does not purport to comprehensively detail all security incidents that occurred on the specified day.

Sources: SIGIR analysis of open source and official English and Arabic documents, studies, and analyses. All figures are based on the best available casualty information and represent the sum of killed and wounded for each incident.

Figure 1.3
Selected Insurgent Bombings of Key GOI Facilities, 8/2009–1/2010
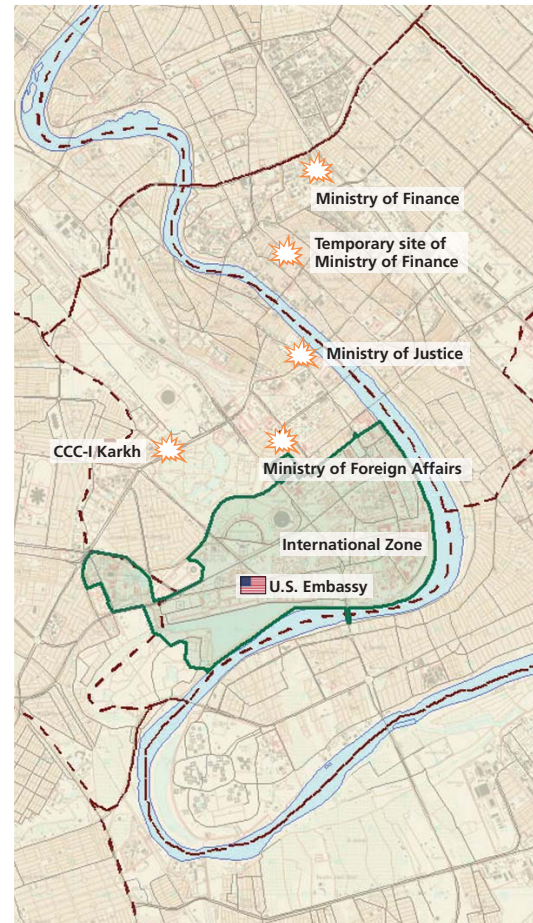
Source: U.S. Embassy-Baghdad, response to SIGIR data call, 1/22/2010.

authorities detained at least 25 suspects for allegedly participating in this conspiracy.

A wave of targeted political violence swept Iraq this quarter with the apparent aim of destabilizing Iraq's government and exacerbating sectarian and ethnic tensions. Targets included judges, significant security officers, and leading public officials in prominent cities, including Mosul and Telafar.

These attacks took an especially severe toll in Anbar province, where a suicide bombing on December 30, 2009, seriously wounded the governor and killed several other Anbari officials. Table 1.1 presents a list of prominent political figures who appear to have been targeted for death this quarter. Significantly, members of the Sunni Awakening Movement, which evolved into the U.S.-financed Sons of Iraq (SOI), have often been the victims of these attacks. This quarter, SIGIR announced an audit of the SOI program and will issue its findings in mid-2010.

TABLE 1.1

SELECTED EVENTS OF APPARENT TARGETED POLITICAL VIOLENCE, 10/9/2009–1/9/2010

TARGETS / VICTIMS	LOCATION (PROVINCE)	DATE	CIRCUMSTANCES	RESULT
Anti-insurgent Sunni cleric	Anbar	10/9/2009	Bomb attached to car	Cleric killed
National Reconciliation Meeting	Anbar	10/11/2009	Multiple car bombings	At least 14 killed, dozens injured
MOI Major investigating 10/25/2009 bombings	Baghdad	10/29/2009	Gunshot	MOI Major killed
Leading Sunni political figure	Anbar	11/15-16/2009	Kidnapped, then executed	Sunni politician and more than 10 others killed
Awakening leader	Diyala	11/17/2009	Small-arms fire	Awakening leader killed
Judge	Ninewa	11/17/2009	Ambush, small-arms fire	Attack failed
Awakening leader	Diyala	11/18/2009	Ambush, small-arms fire	Attack failed
Two Sunni religious leaders	Baghdad, Anbar	11/24/2009	Bombs attached to cars (separate incidents)	Both religious leaders killed
Kurdish politician	Diyala	11/26/2009	IED	Kurdish candidate killed
Military-Intelligence General	Tameem	11/30/2009	Ambush, small-arms fire	General killed
Police counterterrorism official	Salah Al-Din	12/3/2009	Suicide bombing	Police official and bodyguards killed
Awakening leader	Baghdad	12/16/2009	IED	Awakening leader killed
Telafar District Council leader	Ninewa	12/21/2009	Suicide bombing	Council leader killed
Sunni parliamentary candidate	Anbar	12/23/2009	Bomb attached to car	Candidate killed
Mayor of Mosul	Ninewa	12/24/2009	IED	Attack failed
Anbar police official	Anbar	12/25/2009	Ambush, small-arms fire	Attack failed
Tribal Sheik	Anbar	12/27/2009	Bombing	Sheik killed
Judge	Tameem	12/29/2009	Ambush, small-arms fire	Judge injured
Anbar Provincial Governor and police leaders	Anbar	12/30/2009	Multiple bombings	Governor seriously wounded, at least 24 dead
Anti-terrorism Lieutenant Colonel	Anbar	1/7/2010	Multiple bombings	Colonel wounded, multiple associates and relatives killed

Note: This table provides examples of some of this quarter's major assassinations, attempted assassinations, and other small-scale acts of violence that appear to have been aimed at specific persons or groups. It does not purport to be all-inclusive, nor presume to infer the attackers' respective motives.

Source: SIGIR analysis of government-issued unclassified documents and other publicly available sources in both English and Arabic.

Government of Iraq Reports Executing 77 in 2009

On January 5, 2010, Chief Justice Medhat al-Mahmoud announced that the GOI carried out 77 death sentences in 2009.[7] According to the Chief Justice, all of the individuals had been convicted of terrorism-related offenses.[8]

U.S. Military Presence

In his December 1, 2009, speech to the Corps of Cadets at the U.S. Military Academy at West Point, President Obama reiterated his intention to withdraw all U.S. combat brigades from Iraq by August 31, 2010, and all U.S. military forces by the end of 2011. One month later, on January 1, 2010, the remaining major U.S. military commands in Iraq—including Multi-National Force-Iraq and the Multi-National Security Transition Command-Iraq—completed the process of merging into a single new command, United States Forces-Iraq (USF-I), under General Raymond Odierno.

Indicative of the U.S. military's drawdown is the U.S. Marines Corps' conclusion of its mission in Ramadi on January 23, 2010.

GOVERNANCE

The passage of legislation, the resolution of territorial disputes, and the distribution of political power between Baghdad and the provinces are all in abeyance until after Iraq conducts its parliamentary elections in early March. At stake are 325 seats in the CoR. The newly elected members will then gather to select a Prime Minister. Thus, this election will provide Iraq's citizens with their first opportunity to render directly a verdict on Prime Minister Nouri al-Maliki's government.

The Elections Law

On December 6, 2009, following months of negotiations—which forced the parliamentary elections to be postponed from January to March—the CoR passed a new Elections Law. Sunni Vice-President Tariq al-Hashimi, however, vetoed the law, stating that it disenfranchised Iraqis residing outside the country by providing them with too few seats in parliament. After the CoR addressed certain of al-Hashimi's concerns, the Presidency Council (President Talabani and Vice-Presidents Abdul al-Mahdi and al-Hashimi) ratified the revised legislation in early January 2010.

Iraqis Voting from Abroad

In December, Iraq's Independent High Electoral Commission (IHEC) announced that Iraqis living abroad in at least 14 countries will be allowed to vote. About 1.9 million Iraqis reside outside Iraq, many of them Sunni refugees who fled the sectarian violence that erupted after the February 2006 bombing of the Shia shrine at Samarra. The 14 countries where the IHEC currently plans to open polling stations are Syria, Jordan, Sweden, the United States, Iran, Lebanon, the United Arab Emirates, Turkey, the Netherlands, Australia, Germany, Canada, Austria, and Egypt.[9] IHEC was also in negotiations in January with the United

TABLE 1.2

NEW GEOGRAPHY OF THE COUNCIL OF REPRESENTATIVES

PROVINCE	2005 NUMBER OF SEATS	2010 NUMBER OF SEATS
Dahuk	7	10
Erbil	13	14
Sulaymaniyah	15	17
Ninewa	19	31
Tameem	9	12
Salah Al-Din	8	12
Anbar	9	14
Diyala	10	13
Baghdad	59	68
Wassit	8	11
Babylon	11	16
Qadissiya	8	11
Kerbala	6	10
Najaf	8	12
Muthanna	5	7
Thi-Qar	12	18
Missan	7	10
Basrah	16	24
Compensatory	45	7
Compensatory/Minorities	0	8
National Total	**275**	**325**

Sources: GOI, IHEC, www.iheq.iq, accessed 1/15/2010; and UN, www.uniraq.org, accessed 1/22/2010.

Kingdom and Denmark about opening polling stations in those two countries.[10]

Changes in Council of Representatives

For the past four years, the CoR comprised 275 members. Under the provisions of the new law, 50 additional members will be elected, bringing the total number of representatives to 325. The new law also adjusts the balance of political power among the provinces. Table 1.2 shows the number of seats gained by each province and the change in the number of seats allocated on a non-geographic basis.

Elections: Commission Bans Candidates

On January 7, 2010, the Accountability and Justice Commission—the successor to the controversial de-Ba'athification Commission—announced that it was banning at least 14 political parties (and more than 500 candidates) from participating in March's elections. Among those banned, allegedly on the basis of newly discovered documents linking him to the former regime, was Salih al-Mutlaq, a leading Sunni parliamentarian who has been critical of the current government and its Kurdish allies. Al-Mutlaq had been allied with the Iraqi National Movement.[11] Figure 1.4 highlights five of the most significant coalitions and lists the key members in each.
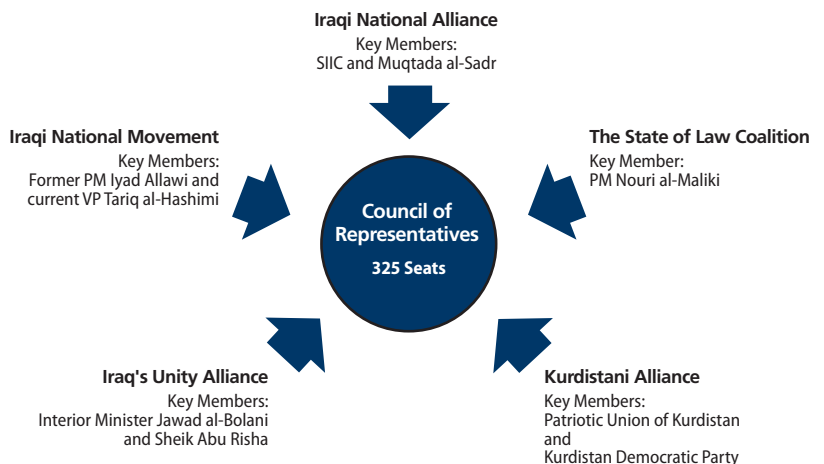
Elections: Fears of Fraud

The possibility that fraud could taint the electoral process has become a concern. Although Iraq's previous elections have been relatively free of fraud, Afghanistan's August 2009 presidential election exemplifies how fraudulent elections can imperil fragile governments. To safeguard the integrity of the vote, it is imperative that international and Iraqi election monitors be widely deployed in sufficient numbers to major polling places to guard the integrity of ballot boxes.

Iraq Names New Deputy Prime Minister

On January 11, 2010, the Council of Representatives approved Rowsch Shaways as one of Iraq's two deputy prime ministers. Shaways, a Kurd, replaces Barham Salih, who vacated the post to become Prime Minister of the Kurdistan Regional Government in October 2009. The other Deputy Prime Minister post is held by Rafi al-Eissawi, a Sunni Arab. Shaways is a member of Massoud Barzani's Kurdistan Democratic Party, and Salih is a member of the Patriotic Union of Kurdistan.

Figure 1.4

Major Contenders in 2010 Parliamentary Elections

Iraqi National Alliance
Key Members:
SIIC and Muqtada al-Sadr

Iraqi National Movement
Key Members:
Former PM Iyad Allawi and current VP Tariq al-Hashimi

The State of Law Coalition
Key Member:
PM Nouri al-Maliki

Council of Representatives
325 Seats

Iraq's Unity Alliance
Key Members:
Interior Minister Jawad al-Bolani and Sheik Abu Risha

Kurdistani Alliance
Key Members:
Patriotic Union of Kurdistan and Kurdistan Democratic Party

Source: GOI, Independent High Electoral Commission, "Approved Final Political Blocs for the March 7, 2010 Elections," www.ihec.iq, accessed 12/20/2009.

ENERGY DEVELOPMENTS

Oil Production and Exports Drop

Iraq's crude oil production averaged 2.42 MBPD this quarter, a 3% decrease from last quarter. Exports were also down, falling 4% (from 1.99 MBPD to 1.91 MBPD).[12] Seasonal factors, including rough seas, often depress exports during the winter months. This quarter, the Iraqi Drilling Company also announced plans to drill 180 oil wells in 2010, with plans for more than 250 wells per year from 2011 onward.[13]

Successful Second Round of Bidding for Service Contracts

On December 11–12, 2009, the Ministry of Oil conducted its second round of bidding for oil service contracts. A total of 44 companies pre-qualified, and 17 bids were submitted. Ultimately, the ministry accepted bids on 7 fields. The proceedings were

managed in a transparent manner, with companies placing their bids in a clear box before GOI officials and media representatives. A consortium of Russia's Lukoil and Norway's Statoil won the contract for the largest field, West Qurna, Phase 2 (12.9 billion barrels of proved reserves), while Royal Dutch Shell and Malaysia's Petronas submitted the winning bid for the second largest field, Majnoon (12.6 billion barrels of proved reserves). As of January 6, 2010, Iraq's Council of Ministers (CoM) had ratified four of the seven projects, and ratification of the other three is expected presently.[14]

Oil: Serious Challenges Remain

Iraq's Minister of Oil asserted that the new contracts will eventually add more than 7 MBPD at peak production over the next six years,[15] but myriad obstacles stand in the way, including:

- **Aging infrastructure.** Anticipated production increases cannot be accommodated by the existing pipeline and export infrastructure. In particular, as Iraq exports the majority of its oil from southern port facilities at Umm Qasr, the moribund state of these terminals negatively affects the GOI's export capacity. The new oil contracts will bring with them significant new infrastructure investment.
- **Corruption.** Iraq currently loses substantial amounts of oil (and oil revenue) to smuggling each year.[16] Absent serious, sustained efforts on the part of the GOI to prevent these losses and confront corruption, it is likely that the new fields will be similarly exploited.
- **Human capital.** Multinational oil companies working in Iraq will have to train Iraqi employees in modern extractive techniques. Moreover, Iraqi oil workers have repeatedly expressed concern for their jobs, and labor unrest remains a possibility. Their concerns were highlighted by the naming of a Shia official to head Iraq's North Oil Company in early January 2010. Employees in the Sunni-majority city of Kirkuk immediately protested his appointment.

- **Legal uncertainty.** Many multinational oil companies, especially those in risk-averse Western countries, will avoid the Iraqi fields until a predictable legal regime is in place that provides safeguards for oil contracts. The passage of the Hydrocarbons Laws would provide such safeguards and thus have a positive effect on Iraq's oil sector.
- **Organization of Petroleum Exporting Countries (OPEC).** If Iraq increases significantly its export of oil, it could come into conflict with other OPEC nations. Although Iraq is currently excluded from OPEC's quota regime, any prospective surge in its exports could induce OPEC action. However, these difficulties could not arise for several years.
- **Violence.** This quarter, the pipeline through which Iraq exports oil to the port of Ceyhan in Turkey was bombed, interrupting service for almost a week. According to the Ministry of Oil, this reduced oil exports in October 2009 by 4%.[17]

Notwithstanding these challenges, the U.S. government has provided substantial assistance to entities involved in rehabilitating more than 80 wells in the south since 2007. Reportedly, this effort cost more than $90 million.[18]

Iraq's Potential Oil Revenue

Estimates of how much revenue Iraq will derive from the new contracts will depend on a multitude of factors, foremost among them the global price of oil and production levels. Countless factors affect the price of oil, from weather to wars, and future production will depend on an array of variables. With these caveats in mind, Figure 1.5 presents three potential scenarios concerning Iraqi oil revenue between 2010 and 2015.

Electricity Output Drops

This quarter, output from Iraq's power plants averaged about 5,285 megawatts (MW), or 126,843 megawatt-hours (MWh) per day, a decrease of almost 500 MW from the previous quarter. The

FIGURE 1.5

PROJECTIONS OF POTENTIAL IRAQI OIL EXPORT REVENUES
$ Billions
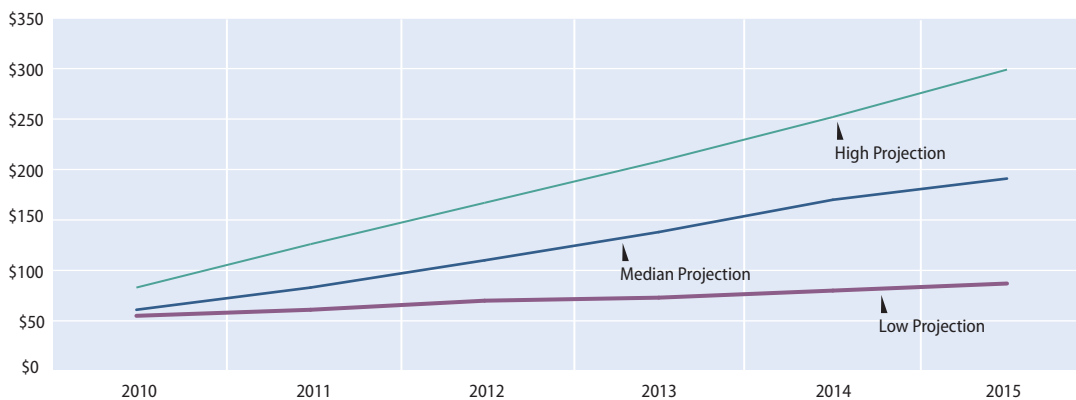
Note: This graphic represents but three of countless possible scenarios. Oil export quantity and price are treated as independent variables. The low projection assumes a slow increase in oil export volume and stable oil prices. The median projection assumes a moderate increase in oil export volume and increased oil prices. The high projection assumes a rapid increase in oil export volume and increased oil prices.

Sources: IMF, "Iraq: Second Review Under the Stand-By Arrangement and Financing Assurances Review," 12/3/2008, p. 19; GOI, Ministry of Oil, Petroleum Contracts and Licensing Directorate, various press reports and press releases, 12/2009; OECD, International Energy Agency, *World Energy Outlook 2009*, 11/2009; CME Group, "Daily Settlements for Light Sweet Crude Oil Futures," 12/29/2009, www.cmegroup.com/trading/energy/crude-oil, accessed 12/30/2009; SIGIR analysis of open source and official documents.

effects of this 8% drop were mitigated by a sharper drop in demand, customary during the temperate autumn weather.[19] For more on Iraq's electricity situation, see Section 3.

ECONOMY

Efforts To Expand International Trade and Investment

With a weak industrial base centered on inefficient state-owned enterprises, Iraq has turned to international investors in an effort to diversify its oil-dependent command economy. To that end, Iraq held or attended several international trade conferences this quarter with hopes of attracting new investors.

On October 18–21, 2009, Prime Minister al-Maliki attended the U.S.-Iraq Business Conference in Washington, D.C. In early November, Baghdad hosted its first international trade fair in more than six years. Attendees included more

than 400 foreign firms. The four countries with the most firms represented were Iran, Turkey, France, and Brazil.

Improving the Port of Umm Qasr

Iraq's coastline is just 35 miles long, and the deep-water facilities at Umm Qasr, its only port, represent Iraq's sole direct economic link to the world's seas. Umm Qasr, built in 1958, needs modernization. Until recently, Shia militia controlled the area, which inhibited reconstruction efforts.

But this quarter, Iraq made measured progress in bringing the port into compliance with the International Ship and Port Facility Security (ISPS) Code, a comprehensive international security regime. Obtaining ISPS certification would enhance Umm Qasr's appeal to the global maritime community and could improve Iraq's trade links to the rest of the world, primarily by lowering insurance rates. According to USF-I, the ISPS certification process for the port is about eight months from completion.[20]

ANTICORRUPTION

GOI officials continued to proclaim their commitment to fighting public corruption this quarter, as politicians of all stripes employed anticorruption rhetoric as part of their electoral campaigns. But, as has been the case for more than six years, solutions and results prove elusive.

Higher Judicial Council Establishes a New Anticorruption Body

On January 3, 2010, Chief Justice Medhat issued an order establishing a new anticorruption panel. Initially staffed by three judges and led by the Chief Justice in conjunction with the Public Prosecutor, this body is charged with receiving complaints of administrative or financial corruption and investigating them to determine whether they are "legally genuine." At the moment, the precise scope of this panel's jurisdiction remains uncertain, as are its relationships with the two U.S.-created anticorruption entities: the COI and the Ministry Inspectors General.[21]

Commission on Integrity

In December 2009, the COI announced fraud convictions of three former senior Trade Ministry officials on corruption charges. They received terms of two years or less. The former Minister of Trade remains free on bail. In another matter, the former Deputy Minister of Transportation was sentenced to eight years for soliciting a bribe from a security contractor.[22] Overall, for 2009, the COI reported the issuance of 972 arrest warrants on corruption-related allegations in 2009, resulting in 285 convictions,[23] albeit mostly of low-ranking policemen.

This quarter, the COI also issued a 177-page report on its activities during 2008. According to the COI report, judges issued 630 arrest warrants based on corruption charges in 2008, but only six of them were for individuals at or above the rank of Director General (roughly equivalent to a senior manager in the U.S. federal government). This constitutes less than 1% of all warrants issued during 2008.[24]

According to the COI report, the three ministries receiving the most arrest warrants in 2008 were:[25]

- Ministry of Interior—206 warrants; 26 reported "condemnation decisions," where defendants were fined or sentenced to a term of imprisonment
- Ministry of Municipalities and Public Works— 103 warrants; 14 reported condemnation decisions
- Ministry of Oil—52 warrants; 1 reported condemnation decision, issued against the manager of a gas station

For these three ministries in 2008, 11% of warrants issued resulted in actual sentences being rendered against specific individuals. For more on anticorruption activities this quarter, see Section 3.

INTERNATIONAL DEVELOPMENTS

European Union To Expand Ties

This quarter, Iraq and the European Union (EU) finalized a Partnership and Cooperation Agreement (PCA), signaling an eagerness on the part of the 27-nation EU to deepen its relationship with Iraq. This wide-ranging accord sets the parameters for cooperation between Iraq and the EU on trade, anti-terrorism, human rights, and investment. The EU's member states must still ratify the PCA before it can officially enter into force.[26]

United Nations Development Assistance

In November 2009, the United Nations announced that it had agreed with the GOI on an action plan for Iraq's first UN Development Assistance

Framework (UNDAF). The UN will concentrate its efforts on governance, human rights, and economic growth. The UNDAF will support Iraq's five-year National Development Plan, which anticipates more than $200 billion worth of investments in services, economic stimuli, and environmental protection. UN operations will be financed by UN agencies and international donors, with co-financing from the GOI.[27]

SIGIR OVERSIGHT

Audits

Since 2004, SIGIR has published 160 audit reports. This quarter's most significant report assessed oversight of DynCorp police training contracts by DoS's Bureau of International Narcotics and Law Enforcement Affairs (INL). SIGIR found that INL continues to exhibit weak oversight of the DynCorp task orders for support of the Iraqi police training program. INL lacks sufficient resources and controls to adequately manage the task orders with DynCorp. As a result, more than $2.5 billion in U.S. funds were vulnerable to waste and fraud.

As responsibility for the police training program moves from DoD to DoS in 2011, and DoS continues to oversee contracts costing the U.S. taxpayers hundreds of millions of dollars, SIGIR believes that it will be critical for DoS to have in place adequate management controls of those contracts to ensure that U.S. funds are effectively and efficiently spent. SIGIR plans to complete a review of DoD management of the police training program later this year.

In an analysis independent and distinct from the above described audit, SIGIR determined that Dyn-Corp revenues for the five-year period ending in March 2009 totaled more than $11.2 billion.[28] The $2.5 billion in funds identified by SIGIR as vulnerable to fraud, waste, and abuse therefore constitute a material portion (22.3%) of DynCorp's corporate revenue over the contract period. Moreover, excluding DynCorp's indefinite participation in LOGCAP

IV, its Government Services Unit manages the firm's largest contracts. The firm's contracts with DoS for civilian-police training and INL amount to 56.4% of all of its government services contracts.[29]

SIGIR's four other audits this quarter assessed:

- **Department of State Democracy Grants to the International Republican Institute (IRI) and National Democratic Institute (NDI).** This report discusses the cost, impact, and oversight of approximately $114 million in grants expenditures of these organizations to foster democracy in Iraq. SIGIR found that, of the grants that were reviewed, only 41% of the money was spent on direct program costs. IRI, for example, spent more than 50% of its funds on security. Additionally, DoS has not required IRI and NDI to provide evidence of the impact of their work, as required in the grant agreements, so it is difficult to tell what outcomes were realized as a result of this U.S. investment.

- **Three Contracts Awarded to Wamar International for the Purchase, Delivery, and Maintenance of Armored Vehicles for the ISF and Inspection and Repair of Turbine Generators.** SIGIR found that Wamar successfully completed the three projects valued at about $93.2 million. The first project, funded by a contract in 2004, was competitively awarded to Wamar to purchase and deliver armored vehicles. The other two contracts awarded to Wamar to inspect and repair six turbine generators were generally successful, even though the work cost more and took longer to complete than planned. SIGIR also concluded that the Joint Contracting Command for Iraq and Afghanistan (JCC-I/A) and the U.S. Army Corps of Engineers Gulf Region Division (GRD) actively carried out their oversight responsibilities. However, some management and contract problems affected costs and schedules.

- **DoS Contract to Study the Iraq Reconstruction Management System (IRMS).** DoS awarded a $5 million contract to Enterprise Information

Systems to develop this new system for delivery in October 2010. This letter report details SIGIR's concerns about the wisdom of spending $5 million now to create a follow-on system for the IRMS, which has been used to track Iraq reconstruction projects since 2004. SIGIR is concerned that the follow-on system will not be developed in time to achieve meaningful results, and that replacing the IRMS a year from now would not be a cost-beneficial way to track the small amount of remaining U.S.-funded reconstruction projects. In addition, the U.S. agencies SIGIR surveyed stated that they would not use the system.

- **Interim Report on SIGIR's Forensic Audit Activities.** Under Public Law 108-106, as amended, SIGIR is required to perform a final forensic audit of the more than $50 billion in U.S. funds appropriated for the reconstruction of Iraq. SIGIR's forensic auditors have reviewed about 73,000 transactions valued at approximately $28 billion. As a result of this work, SIGIR has identified almost $340 million in transactions that require additional analysis to determine whether they were fraudulent or improper. To date, SIGIR's forensic efforts have led to the opening of 27 criminal investigations involving 36 subjects.

MNSTC-I Awards Contract Extension to AECOM

In April 2009, SIGIR issued an audit on one of the largest ISFF-funded DoD contracts, the Global Maintenance and Supply Services in Iraq (GMASS) contract. This contract was awarded to AECOM Government Services (AECOM) and supported MNSTC-I's program to assist the Iraqi Army in developing a self-sufficient maintenance capability.

MNSTC-I was planning to let the contract expire at the end of December 2009. SIGIR recommended that MNSTC-I negotiate an agreement with the Iraqi Ministry of Defense for transitioning maintenance responsibilities to the Iraqi Army. Ideally, the agreement should have identified each party's role and responsibilities, as well as a timeline for transition. However, MNSTC-I turned over some of the maintenance functions to the Iraqi Army without negotiating an agreement and awarded a new task order to AECOM under the GMASS contract to extend other maintenance services to the Iraqi Army through May 2010.

SIGIR Passes Peer Review

Earlier this year, SIGIR's Audits Directorate underwent a comprehensive peer review as mandated by the Council of Inspectors General for Integrity and Efficiency (CIGIE). Peer reviews are mandated every three years for Inspector General Offices to evaluate whether an IG is in compliance with Government Auditing Standards. On November 20, 2009, the Inspector General of the National Science Foundation, who performed the review for CIGIE, issued a letter informing SIGIR that it had achieved a rating of "pass with no deficiencies," the highest grade possible.

Investigations

SIGIR Investigations continues to actively pursue allegations of fraud, waste, and abuse in Iraq with 113 open investigations. As a result of SIGIR investigations, two defendants are pending indictment, seven defendants are awaiting trial, and an additional four defendants are awaiting sentencing.

Other significant events arising from SIGIR cases this quarter included:

- Major John Cockerham, his wife, his sister, and his niece, were all sentenced in U.S. District Court for their participation in a bribery and money-laundering scheme related to bribes paid for contracts awarded in support of the Iraq war. The jail sentences ranged from 1 to more than 17 years, and the court-ordered restitution totaled more than $19 million.
- The final defendant in the Bloom-Stein case was sentenced to three-and-one-half years in prison. The Bloom-Stein matter is the largest fraud as yet uncovered in Iraq.

- A criminal information was filed charging a U.S. Army staff sergeant with money laundering as part of a larger bribery investigation.
- A former DoD contracting officer was sentenced to nine years in prison for failing to report more than $2.4 million in income.
- A U.S. Army captain pled guilty in U.S. District Court to the theft of approximately $690,000 in CERP funds.
- A former U.S. Army colonel was sentenced to five years in prison for his role in a bribery conspiracy in Hilla, Iraq.
- A retired U.S. Army major was sentenced to more than four years in prison for his role in a bribery scheme involving DoD contracts.
- The husband of a former U.S. Army officer was sentenced for laundering stolen money from Iraq.
- A Coalition-partner citizen was arrested for money laundering.
- A U.S. Army major was arrested after being indicted and charged with bulk cash smuggling and making false statements.

SIGIR recently added several experienced federal prosecutors to its Investigations Directorate. These prosecutors will only work on SIGIR-related criminal matters, operating in close coordination with their colleagues at the Department of Justice.

Inspections

This quarter, SIGIR's Inspections Directorate issued five reports. To date, SIGIR has published 164 project assessments. This quarter's reports evaluated:

- **Renovation of Baghdad's Tomb of the Unknown Soldier.** The purpose of this $1.7 million CERP contract was to renovate a renowned monument in downtown Baghdad. SIGIR found Multi-National Corps-Iraq's project file was incomplete, lacking basic documentation, quality assurance reports, and project photographs. SIGIR noted plumbing and landscaping work may not have been performed by the contractor, and there appeared to be a lack

of documentation for the number of uniforms and ceremonial weapons provided to the Iraqi Military Honor Unit. SIGIR also discovered that the statement of work lacked the detail necessary to determine the value of the work performed. Nevertheless, SIGIR concluded that the Tomb had been significantly improved by the renovation project.

- **Abu Ghraib Dairy.** The overall objective of this $3.4 million Iraq Freedom Fund project was to rebuild the Abu Ghraib Dairy production capability by constructing a facility that would house equipment to reconstitute powdered milk. While visiting the site, SIGIR observed several construction deficiencies. SIGIR immediately brought these concerns to the attention of Task Force for Business and Stability Operations, which promptly engaged the services of GRD to provide oversight of the contractor's corrective actions. Many of the problems with this project might have been averted had a standard construction contract been used, rather than a cooperative agreement that did not provide the contractor with specific requirements. In addition, SIGIR has concerns about whether milk-line equipment, purchased by the former regime in 2002, will be operational after sitting idle in a warehouse for more than seven years.
- **Rabeaa Point-of-Entry Screening Facility.** The goal of this $3.1 ISFF-funded contract was to build a new screening facility and associated buildings at a point of entry along the Syrian border. SIGIR uncovered a number of construction problems and brought these to the attention to GRD's Mosul Area Office, which stated that corrective action would be taken.
- **Hammam Al Alil Division Training Center (Construction of Small-Arms Ranges and Training Facilities).** The purpose of this $3.5 million ISFF contract was to construct a training center for the Iraqi Army. The overall quality of design and construction was good; however, the contract required the construction and installation of overhead baffles to contain

bullets that overshot the berm at the terminal end of the range. The baffles were removed because of poor construction. As a result, SIGIR recommended that a study be conducted to determine the danger zone for the range and the findings be provided to the Hammam Al Alil Training Center.

- **Hammam Al Alil Regional Training Center (Renovations and Upgrades to Existing Facilities).** The objective of this $5 million ISFF contract was to repair the barracks and roads at an Iraqi Army training center. SIGIR found that the project components were adequately designed and that project results were consistent with the original objectives.

Ministry of Finance Pays Iraqi Contractors Two Days after Issuance of SIGIR Report

In response to concerns expressed by former Ambassador to Iraq Ryan Crocker, SIGIR assessed the Falluja Waste Water Treatment project in 2008, finding that the Ministry of Finance persistently failed to pay the Iraqi contractor responsible for a crucial portion of the project. The contract in question was funded by the Development Fund for Iraq (DFI). This quarter, as part of SIGIR's ongoing audit of DFI expenditures, the Federal Reserve Bank of New York provided DFI transactional information showing that on October 29, 2008—two days after issuance of SIGIR's report—the Iraqi Ministry of Finance paid the contractor in full, more than $1.3 million.

HUMAN TOLL

Notwithstanding several bombings just outside the International Zone, relatively few incidents of indirect fire were reported this quarter in this area, formerly known as "the Green Zone." However, U.S. diplomatic security officials have imposed tighter restrictions on personnel movements inside the International Zone in response to pre-election violence throughout greater Baghdad.

U.S. Civilians

DoS reported that two U.S. civilians died in Iraq this quarter (violence was not the reported cause of death). At least 296 U.S. civilians have died in Iraq since March 2003.[30]

Contractors

For the quarter ending December 31, 2009, the Department of Labor (DoL) received reports of 13 new deaths of civilian contractors working in Iraq. DoL also received reports that 669 civilian contractors suffered injuries requiring them to miss at least four days of work. Since September 2001, the DoL has received reports of 1,459 deaths of civilian contractors.[31]

British information technology consultant Peter Moore, one of the longest-held Western hostages in Iraq, was released to Iraqi authorities on December 30, 2009. Moore was kidnapped while working at a Ministry of Finance building in Baghdad in 2007.

British hostage Peter Moore was released in December 2009 after approximately 2 years in captivity. (British Foreign Office)

Four members of his personal security detail were also captured that day—three are confirmed dead, and the other is believed to have perished.

On December 31, 2009, a judge of the United States District Court for the District of Columbia dismissed all criminal charges against five Blackwater Worldwide guards who were accused of killing 17 Iraqis in the 2007 Nisoor Square incident. The judge found that the prosecution had failed to prove that it made no impermissible use of the defendants' compelled statements, or that such use was harmless. He also found that the prosecution had improperly failed to disclose exculpatory evidence to the grand jury that indicted the defendants. Prosecutors were entitled to appeal the judge's ruling.[32]

Less than a week later, attorneys for several Iraqis allegedly killed and injured by Blackwater (now known as Xe) contractors, including some from the Nisoor Square incident, requested that their civil cases against the firm be dismissed because the parties had reached a settlement.

Journalists

A cameraman for a Baghdad-based satellite television station was the only journalist slain in Iraq this quarter. He was killed in late October when a bomb exploded in front of his house in the restive city of Kirkuk. A correspondent with Cairo-based Al-Baghdadia television was also wounded in this assault. In 2009, a total of 4 journalists were killed in Iraq, down sharply from the 32 killed there two years ago.[33]

Since 2003, Iraq's media outlets have operated in an atmosphere of unprecedented journalistic freedom from government censorship. This may be changing. The October 25, 2009, bombings of the Ministry of Justice and the Baghdad Provincial Council prompted a spate of negative media coverage of the performance of GOI officials. Shortly thereafter, the Ministry of Communications imposed a $5,000 license fee on all broadcast media outlets operating in Iraq.[34]

Displaced Persons

On November 3, 2009, the International Organization for Migration (IOM) reported on internally displaced persons (IDPs) in Iraq. Approximately 53% of post-2006 IDPs who were interviewed wanted to return to their homes, while another 45% expressed a desire to settle permanently at their current place of refuge or relocate to a third location. Of those assessed persons who have returned home, 43% cited improved security as the main factor in their decision, while 33% cited the difficult conditions they suffered while displaced. These difficulties included high rents, poor shelter, and a lack of basic services.[35] ◆

IRAQ RECONSTRUCTION
FUNDING SOURCES AND
PROGRAM MANAGEMENT

SECTION

2

RECONSTRUCTION FUNDING SOURCES

As of December 31, 2009, nearly $141.49 billion had been made available for the relief and reconstruction of Iraq. These funds came from three main sources:[36]

- Iraqi funds that were overseen by the Coalition Provisional Authority (CPA) and Iraqi capital budgets—$71.19 billion
- International pledges of assistance from non-U.S. sources—$17.01 billion
- U.S. appropriations—$53.30 billion

See Figure 2.1 for an overview of these funding sources.

Iraqi Funding

As of December 31, 2009, Iraq had provided $71.19 billion for relief and reconstruction through Iraqi funding from the CPA era and its annual capital budgets.[37] This amount will increase by $19.70 billion, to $90.89 billion, in late January or early February if the proposed 2010 Iraqi budget is adopted.[38]

The Iraqi budget outlook improved markedly through 2009. More than a year ago, the price of Kirkuk crude oil plummeted from a high of $134.26 per barrel in the week of July 4, 2008, to a low of $35.60 per barrel in the week of January 2, 2009. Oil prices rebounded in 2009 and have remained above $50 per barrel (the price the Iraqi Ministry of Finance used to project 2009 oil revenues) since the week of May 8, 2009. Oil traded at $78.88 per barrel in the week of January 8, 2010.[39]

Current estimates of total 2009 oil and other revenues, through the end of the year, range from $43 billion to $45 billion. Data from the U.S. Treasury Attaché at U.S. Embassy-Baghdad indicates $38.96 billion in revenues from the export of crude oil; the Ministry of Oil cites oil export revenues at

FIGURE 2.1
FUNDING SOURCES
$ Billions
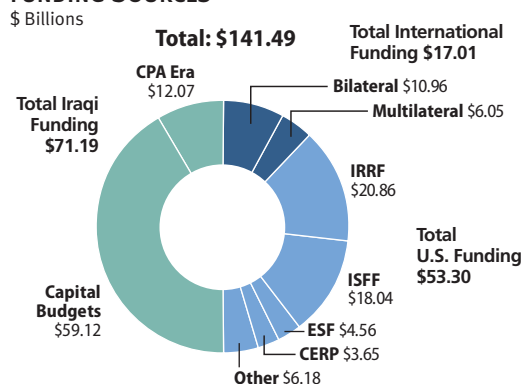
Note: Data not audited. Numbers affected by rounding. CPA-Era Iraq funds include $1.72 billion in vested funds, $0.93 billion in seized funds, $9.33 billion in DFI, and $0.09 billion in CERP funds provided by the Central Bank of Iraq. OSD does not report CERP allocation, obligation, and expenditure data for project categories on a quarterly basis for all fiscal year appropriations; SIGIR pulls CERP allocation, obligation, and expenditure data from the IRMS, which lags in reporting by one quarter. Therefore, top-line totals here may not match values found in the Funding Uses section of this Report.

Sources: DFAS, response to SIGIR data call, 4/10/2009; GOI, "Republic of Iraq: Budget Revenues and Expenses 2003, July–December," 2003; GOI, "GOI Budget" (as approved by TNA and written into law December 2005), 2005; GOI, "Presidency of the Iraqi Interim National Assembly: The State General Budget for 2005," 2005; SIGIR, *Quarterly Report to the United States Congress*, 4/2009, p. 26; U.S. Treasury, responses to SIGIR data calls, 1/4/2008, 4/9/2009,10/2/2009; P.L. 108-7; P.L. 108-11; P.L. 108-106; P.L. 108-287; P.L. 109-13; P.L. 109-102; P.L. 109-148; P.L. 109-234; P.L. 109-289; P.L. 110-28; P.L. 110-92; P.L. 110-116; P.L. 110-137; P.L. 110-149; P.L. 110-161; P.L. 110-252; P.L. 111-32; P.L. 111-117; P.L. 111-118.

$41.6 billion, a figure that likely includes refined oil products in addition to crude exports.[40]

Expenditures are more difficult to determine, given historically high rates of spending in the final months of the year and the unknown status of several large, outstanding budget items, most notably the Public Distribution System (PDS). Estimates of total Government of Iraq (GOI) expenditures for 2009 range from $37 billion to $46 billion, which would allow for a surplus or a small deficit for the year.[41]

According to Bayan Jabr, the Iraqi Minister of Finance, increased oil revenues and reduced Iraqi expenditures should allow Iraq to balance its

Table 2.1

Comparison of GOI Budgets, 2007–2010

$ Billions

	Ministry/Agency	2007	2008	2009	2010
Revenue	Oil	31.00	63.10	36.50	47.91
	Other	2.40	7.00	6.20	4.86
Total Revenue		**33.38**	**70.10**	**42.70**	**52.77**
Operating Expenditures	Finance	14.57	25.69	9.74	10.55
	Education	1.53	1.99	3.91	4.31
	Interior	3.14	5.16	5.27	5.89
	Defense	4.09	4.92	3.85	4.52
	Trade	0.03	0.04	3.62	4.03
	Justice	0.11	0.22	0.25	0.45
	KRG	3.19	4.24	5.07	6.03
	Other	4.34	8.81	14.17	15.82
	Subtotal	**31.00**	**51.07**	**45.89**	**51.59**
Capital Investment	Oil	2.38	2.26	2.21	2.65
	Electricity	1.38	2.32	1.08	3.49
	KRG	1.56	3.71	1.95	2.72
	Defense	0.05	4.92	0.27	0.38
	Interior	0.04	0.54	0.22	0.26
	Justice	0.01	0.02	0.11	0.13
	Provinces (Non-KRG)	2.10	6.40	2.17	2.18
	Other	2.53	10.13	4.73	7.89
	Subtotal	**10.05**	**21.11**	**12.73**	**19.70**
Total Expenditures		**41.05**	**72.18**	**58.61**	**71.30**
Surplus/Deficit		**-7.67**	**-2.08**	**-15.91**	**-18.53**

Note: Data not audited. Numbers affected by rounding. Revenue and expenditure figures reflect amounts budgeted by the GOI; they do not necessarily align with actual revenue and expenditures.

Source: U.S. Embassy-Baghdad, U.S. Treasury Attaché, response to SIGIR data call, 1/17/2010.

budget.[42] In case revenues fall short, Iraq and the IMF are near agreement on a new three-year, $3.8 billion Stand-By Arrangement (SBA).[43] Negotiations are also underway with the World Bank for $500 million in additional financing that could be used to cover any remaining Iraqi budget deficits.[44]

In 2010, Iraq may face a much larger deficit. The proposed Iraqi budget for 2010 calls for $71.30 billion in expenditures: $51.59 billion (72%) for operational expenditures and $19.70 billion (28%) for capital projects. The GOI projects

$52.77 billion in revenues: $47.91 billion (91%) in oil revenues and $4.86 billion (9%) in other revenues. Consequently, the estimated Iraqi budget gap for 2010 is $18.53 billion.[45]

If passed, the proposed 2010 budget would be the second largest in the post-Saddam period (in current dollars). Only the 2008 budget was higher, and it used an oil price of $91 per barrel to project revenues, compared with $60 per barrel for the 2010 budget.[46] For a comparison of the 2007 through 2010 Iraqi budget allocations, see Table 2.1.

International Funding

As of December 31, 2009, international donors had pledged $17.01 billion: $5.26 billion in grants and $11.75 billion in loans, amounts unchanged from last quarter. Most pledges were made in 2003 at the Madrid Donors' Conference.[47]

As of December 31, 2009, international donors had committed an estimated $10.74 billion, an increase of $92 million over the quarter. Iran committed an estimated $100 million in soft loans to finance ongoing work in and around the Shia holy cities of Najaf and Kerbala, and the European Commission (EC) reported additional commitments to reflect their 2010 assistance budget for Iraq. On November 13, 2009, the EC and Iraq finalized their Partnership and Cooperation Agreement, which aims to promote dialogue and trade.

International assistance is evolving as donors more fully recognize Iraqi sovereignty. The International Compact with Iraq is expected to transition to a "New Partnership" that takes its priorities from Iraq's forthcoming National Development Plan. Support under the IRFFI is winding down amid these changes. New projects must be started before June 20, 2010, and the Donors Committee is planning a lessons-learned report and follow-on donor coordination mechanisms.[48]

U.S. Funding

Since 2003, the U.S. Congress has appropriated or otherwise made available $53.30 billion for reconstruction efforts in Iraq, including the building of physical infrastructure, the establishment of political and societal institutions, reconstitution of security forces, and the purchase of products and services for the benefit of the people of Iraq.[49]

As of December 31, 2009, $47.12 billion had been made available through four major funds:[50]

- Iraq Relief and Reconstruction Fund (IRRF)— $20.86 billion
- Iraq Security Forces Fund (ISFF)—$18.04 billion
- Economic Support Fund (ESF)—$4.56 billion
- Commander's Emergency Response Program (CERP)—$3.65 billion

FIGURE 2.2
STATUS OF MAJOR U.S. FUNDS
$ Billions
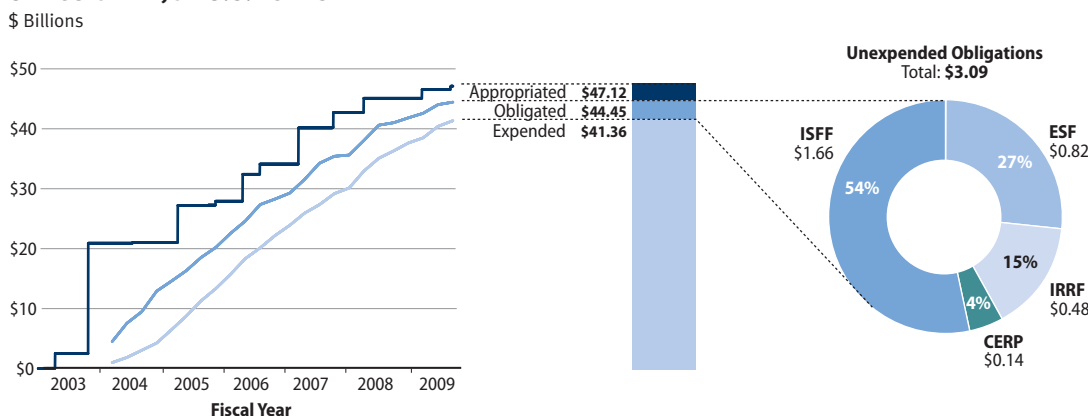
Note: Data not audited. Numbers affected by rounding. OSD does not report CERP allocation, obligation, and expenditure data for project categories on a quarterly basis for all fiscal year appropriations; SIGIR pulls CERP allocation, obligation, and expenditure data from the IRMS, which lags in reporting by one quarter. Therefore, totals here may not match values found in the Funding Uses section of this Report.

Sources: DoS, response to SIGIR data call, 4/5/2007; NEA-I, responses to SIGIR data call, 1/13/2010 and 1/20/2010; OSD, responses to SIGIR data calls, 4/10/2009, 1/13/2010, and 1/14/2010; U.S. Embassy-Baghdad, responses to SIGIR data call, 1/11/2010, 1/14/2010, and 1/20/2010; U.S. Treasury, response to SIGIR data call, 4/2/2009; USACE, response to SIGIR data call, 1/2/2010; USAID, responses to SIGIR data calls, 4/13/2009 and 1/20/2010; USTDA, response to SIGIR data call, 4/2/2009; SIGIR, *Quarterly and Semiannual Reports to the United States Congress*, 3/2004–10/2009.

FY 2009 AND FY 2010 APPROPRIATIONS
$ Millions

		FY 2009	FY 2010			
	FUND	APPROPRIATION	ADMINISTRATION REQUEST	HOUSE BILL	SENATE BILL	APPROPRIATION
Defense	ISFF	1,000.0	0	0	0	0
	CERP	336.1	300.0	*	200.0	200.0
	Subtotal	**1,336.1**	**300.0**	*****	**200.0**	**200.0**
Foreign Operations	ESF	439.0	415.7	400.0	375.0	382.5
	INCLE	20.0	52.0	52.0	52.0	52.0
	NADR	20.0	30.3	*	30.3	*
	IMET	2.0	2.0	2.0	2.0	*
	Subtotal	**481.0**	**500.0**	*****	**459.3**	**466.8**
Total		**1,817.1**	**800.0**	*****	**659.3**	**666.8**

Note: Data not audited. Numbers affected by rounding. The * symbol denotes no specific allocation. The 2010 appropriation provided no specific allocations for the Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) fund or the International Military Education and Training (IMET) fund, but the difference between the budget authority provided under P.L. 111-117 and the allocations provided for the ESF and INCLE is equal to the requested amounts for the NADR and IMET, suggesting that among foreign operations accounts, only the ESF received a smaller appropriation than the administration requested.

Sources: OSD, response to SIGIR data call, 1/15/2010; DoD, "Fiscal Year 2010 Budget Request: Summary Justification," 5/2009, p. 5-19; House Appropriations Committee Report 111-230, "Department of Defense Appropriations Bill, 2010," 7/24/2009, pp. 6, 349; Senate Appropriations Committee Report 111-74, "Department of Defense Appropriations Bill, 2010," 9/10/2009, p. 244; P.L. 111-118; House of Representatives, "House Amendment to Senate Amendment to H.R. 3326 (in Congressional Record)," 12/16/2009, thomas.loc.gov/cgi-bin/query/Z?r111:H16DE9-0030:, accessed 1/5/2010; DoS, "Congressional Budget Justification for Fiscal Year 2010," 5/2009, p. 20; House Appropriations Committee Report 111-187, "State, Foreign Operations, and Related Programs Appropriations Bill, 2010," 6/26/2009, pp. 59, 75, 94; Senate Appropriations Committee Report 111-44, "Department of State, Foreign Operations, and Related Programs Appropriations Bill, 2010," 7/9/2009, pp. 9, 48, 57; P.L 111-117, Sec. 7042 (b)(1) ; House of Representatives Report 111-366, "Conference Report to Accompany H.R. 3288," 12/8/2009, pp. 1466, 1484.

Of this amount, $44.45 billion (94%) had been obligated, and $41.36 billion (88%) had been expended.[51] The Congress also made $6.18 billion available through several smaller funding streams.

For an overview of U.S. appropriations, obligations, and expenditures as of December 31, 2009, see Figure 2.2 and Table 2.3.

New Appropriations

This quarter, the Congress made up to $666.8 million in new funding available for Iraq reconstruction.[52]

On December 13, 2009, the Congress provided up to $466.8 million in new foreign operations appropriations as part of H.R. 3288,[53] which was signed into law, P.L. 111-117,[54] on December 16, 2009.[55] On December 19, 2009, the Congress provided $200.0 million in new defense funding to Iraq as

part of H.R. 3326, which was signed into law, P.L. 111-118, on the same day.[56] In total, new appropriations were $133.2 million less than the administration's request.[57]

For a breakdown of defense and foreign operations appropriations by year and fund, see Table 2.2.

Iraq Relief and Reconstruction Fund

The IRRF was the largest source of U.S. reconstruction funds, comprising $20.86 billion made available through two appropriations: IRRF 1 ($2.48 billion) and IRRF 2 ($18.39 billion).[58] As of December 31, 2009, $0.54 billion had expired, leaving $20.32 billion in obligated funds. Of that amount, $19.85 billion (98%) had been expended.[59]

TABLE 2.3
U.S. APPROPRIATED FUNDS
$ Millions

	APPROPRIATIONS BY FISCAL YEAR, FY 2003–FY 2008					
	P.L. 108-7, P.L. 108-11	P.L. 108-106, P.L. 108-287	P.L. 109-13	P.L. 109-102, P.L. 109-148, P.L. 109-234	P.L. 109-289, P.L. 110-28	P.L. 110-92, P.L. 110-116, P.L. 110-137, P.L. 110-149, P.L. 110-161, P.L. 110-252
	2003	2004	2005	2006	2007	2008
MAJOR FUNDS						
Iraq Relief and Reconstruction Fund (IRRF 2)[a]		18,389				
Iraq Security Forces Fund (ISFF)			5,490	3,007	5,542	3,000
Economic Support Fund (ESF)[b]	50			1,545	1,478	664
Commander's Emergency Response Program (CERP)[c]		134	668	653	720	942
Iraq Relief and Reconstruction Fund (IRRF 1)	2,475					
Subtotal	2,525	18,523	6,158	5,205	7,740	4,606
OTHER ASSISTANCE PROGRAMS						
Natural Resources Risk Remediation Fund (NRRRF)[d]	801					
Iraq Freedom Fund (Other Reconstruction Activities)[e]	700					
Migration and Refugee Assistance (MRA)	37				45	438
International Narcotics Control and Law Enforcement (INCLE)	20			91	150	105
P.L. 480 Title II Food Aid	311		3			24
Democracy Fund (Democracy)					250	75
International Disaster Assistance (IDA)	144			8		95
Iraq Freedom Fund (TFBSO)					50	50
Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR)[f]					7	33
Child Survival and Health Programs Fund (CSH)	90					
International Disaster and Famine Assistance (IDFA)					45	5
Voluntary Peacekeeping Operations (PKO)	50					
Alhurra-Iraq Broadcasting		40				
Overseas Humanitarian, Disaster and Civic Aid (OHDACA)		17				
Education and Cultural Exchange Programs (ECA)				6		11
International Affairs Technical Assistance (OTA)				13	3	
International Military Education and Training (IMET)			1		1	3
U.S. Marshals Service (Litigation Support Services)				1		2
Department of Justice (DoJ)					2	
Subtotal	2,153	57	4	119	553	841
RECONSTRUCTION-RELATED OPERATING EXPENSES						
Coalition Provisional Authority (CPA)[g]		833				
Project and Contracting Office (PCO)[h]				200	630	
USAID Operating Expenses (USAID OE)	21		24	79		98
Iraq Freedom Fund (PRT Administrative Costs)					100	
U.S. Contributions to International Organizations (IO Contributions)						68
Subtotal	21	833	24	279	730	166
RECONSTRUCTION OVERSIGHT						
Special Inspector General for Iraq Reconstruction (SIGIR)		75		24	35	39
DoD Office of Inspector General (DoD OIG)				5		21
USAID Office of Inspector General (USAID OIG)	4	2	3		1	10
Defense Contract Audit Agency (DCAA)					16	
DoS Office of Inspector General (DoS OIG)				1	2	10
Subtotal	4	77	3	30	53	80
Total	4,702	19,489	6,189	5,633	9,076	5,693

[a] The Congress initially appropriated $18,649 million to IRRF 2, but earmarked $210 million to be transferred to other accounts for programs in Jordan, Liberia, and Sudan. The Administration transferred another $562 million for Iraq-related programs that could be implemented only in other accounts (such as bilateral debt forgiveness). In FY 2006, the Congress transferred roughly $10 million into the IRRF from the ESF. In FY 2008, P.L. 110-252 rescinded $50 million.

[b] FY 2003 reflects $40 million from the ESF base account that was not reimbursed and $10 million from P.L. 108-11.

[c] Generally, the Congress does not appropriate the CERP to a specific country, but rather to a fund for both Iraq and Afghanistan. SIGIR reports DoD's allocation to the CERP for Iraq as an appropriation.

[d] Includes funds transferred from the Iraq Freedom Fund (IFF).

[e] Includes funds appropriated to the IFF by P.L. 108-11, Title I, and transferred to reconstruction activities, with the exception of funds transferred to the NRRRF, which are recorded under that fund.

[f] The $20 million reported for FY 2009 was appropriated by P.L. 111-8.

	FY 2009	FY 2010			Status of Funds		
	P.L. 111-32	P.L. 111-117	P.L. 111-118				
	06/24/09	12/16/09	12/19/09	Total Appropriated	Obligated	Expended	Expired
Major Funds							
Iraq Relief and Reconstruction Fund (IRRF 2)				18,389	18,062	17,597	327
Iraq Security Forces Fund (ISFF)	1,000			18,039	16,746	15,088	
Economic Support Fund (ESF)	439	383		4,559	3,885	3,063	
Commander's Emergency Response Program (CERP)	336		200	3,653	3,496	3,358	
Iraq Relief and Reconstruction Fund (IRRF 1)				2,475	2,261	2,249	214
Subtotal	**1,775**	**383**	**200**	**47,116**	**44,448**	**41,355**	**542**
Other Assistance Programs							
Natural Resources Risk Remediation Fund (NRRRF)				801	801	801	
Iraq Freedom Fund (Other Reconstruction Activities)				700	680	654	
Migration and Refugee Assistance (MRA)				520	455	372	
International Narcotics Control and Law Enforcement (INCLE)	20	52		438	369	225	
P.L. 480 Title II Food Aid				338			
Democracy Fund (Democracy)				325	315	124	
International Disaster Assistance (IDA)				247	82	35	
Iraq Freedom Fund (TFBSO)				100			
Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR)	20	30		90	32	27	
Child Survival and Health Programs Fund (CSH)				90			
International Disaster and Famine Assistance (IDFA)				50			
Voluntary Peacekeeping Operations (PKO)				50			
Alhurra-Iraq Broadcasting				40			
Overseas Humanitarian, Disaster and Civic Aid (OHDACA)				17			
Education and Cultural Exchange Programs (ECA)				16			
International Affairs Technical Assistance (OTA)				16	16	14	
International Military Education and Training (IMET)	2	2		10	4	3	
U.S. Marshals Service (Litigation Support Services)				3			
Department of Justice (DoJ)				2			
Subtotal	**42**	**84**		**3,852**	**2,753**	**2,255**	
Reconstruction-Related Operating Expenses							
Coalition Provisional Authority (CPA)				833	832	799	
Project and Contracting Office (PCO)				830			
USAID Operating Expenses (USAID OE)				222			
Iraq Freedom Fund (PRT Administrative Costs)				100			
U.S. Contributions to International Organizations (IO Contributions)				68			
Subtotal				**2,053**	**832**	**799**	
Reconstruction Oversight							
Special Inspector General for Iraq Reconstruction (SIGIR)	7	23		203	164	148	
DoD Office of Inspector General (DoD OIG)				26			
USAID Office of Inspector General (USAID OIG)				18			
Defense Contract Audit Agency (DCAA)				16			
DoS Office of Inspector General (DoS OIG)				13			
Subtotal	**7**	**23**		**276**	**164**	**148**	
Total	**1,824**	**490**	**200**	**53,297**	**48,198**	**44,557**	**542**

[g] Excludes $75 million for the Special Inspector General for Iraq Reconstruction under P.L. 108-106.
[h] Reconstruction support funding is provided for Project and Contracting Office (PCO) activities per the P.L. 109-234 and P.L. 110-28 conference reports.

Iraq Security Forces Fund

The Congress has appropriated $18.04 billion to the ISFF to support Iraq's Ministry of Defense (MOD) and Ministry of Interior (MOI) in developing the Iraqi Security Forces (ISF). On January 1, 2010, the Multi-National Security Transition Command-Iraq (MNSTC-I) was deactivated. The MNSTC-I mission and all related programs were transferred to the U.S. Forces-Iraq (USF-I), which includes the Iraq Training and Advisory Mission (ITAM) and the Iraq Security Assistance Mission (ISAM).[60]

As of December 31, 2009, $1.66 billion in unexpended obligations remain. A further $1.29 billion remains unobligated, but only $0.82 billion (64%) of these funds can be obligated to new projects.

In total, $16.75 billion (93%) of the ISFF had been obligated and $15.09 billion (84%) had been expended as of the end of the quarter.[61] For the status of these funds, see Figure 2.3 and Table 2.4.

ISFF Quarterly Obligations and Expenditures by Sub-Activity Group

Of the $18.04 billion appropriated to the ISFF, $17.06 billion (95%) is allocated to four major sub-activity groups:

- Equipment—equipment and transportation for military and police, force protection, and communications equipment
- Infrastructure—training academies/areas, military bases, and police stations
- Sustainment—maintenance, weapons, ammunition, and logistics support
- Training—military and police training, ministerial capacity development, and instructor equipment and support

The remaining $0.98 billion (5%) of the ISFF is allocated to smaller sub-activity groups. Collectively termed "Related Activities," these smaller sub-activity groups include the ISFF Quick Response Fund, detainment centers, and rule-of-law complexes.[62]

FIGURE 2.3

ISFF: STATUS OF FUNDS
$ Billions
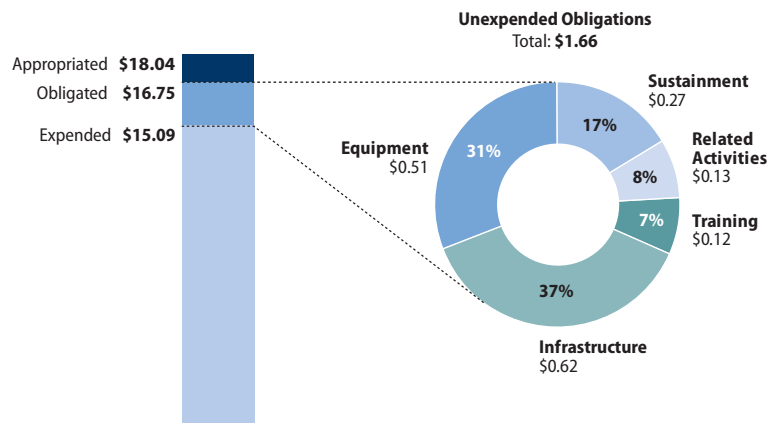
Note: Data not audited. Numbers affected by rounding.

Source: OSD, response to SIGIR data call, 1/13/2010.

Quarterly obligations and expenditures were down significantly from last quarter. This quarter, DoD obligated $113.8 million and de-obligated $40.8 million, for a net change of $73.0 million in total obligations—7% of last quarter's total.[63] Obligations for the MOD were relatively balanced among sub-activity groups except for Infrastructure, which declined. The MOI's obligations for Training and Sustainment were almost wholly offset by de-obligations in Equipment and Infrastructure.[64]

This quarter, total ISFF expenditures were less than a third of last quarter's.[65] Equipment procurement accounted for nearly half of new expenditures: $115.3 million for the MOD and $140.0 million for the MOI. Infrastructure expenditures accounted for roughly 15% of the total, versus 26% for Training and a negligible amount for Sustainment.[66]

3 years ago this quarter

Iraq Study Group

On December 6, 2006, the *Iraq Study Group Report* was released. It cited the lack of adequate U.S. funding for the ISF, noting that the $3 billion appropriated to the ISFF in FY 2006 was less than the amount required to sustain the U.S. military presence in Iraq for two weeks.

TABLE 2.4

ISFF: STATUS OF FUNDS, BY MINISTRY AND SUB-ACTIVITY GROUP
$Millions

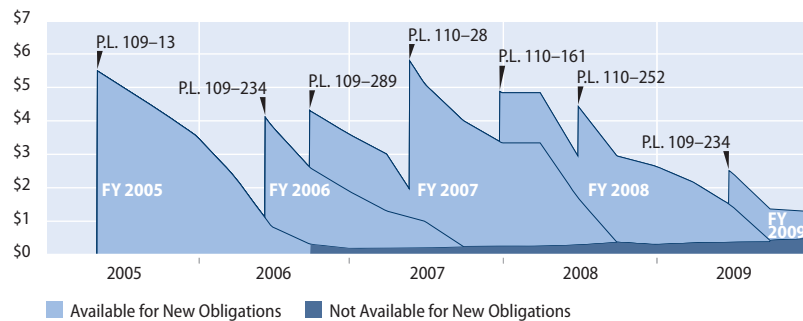| MINISTRY	SUB-ACTIVITY GROUP	STATUS OF FUNDS			QUARTERLY CHANGE	
		ALLOCATED	OBLIGATED	EXPENDED	OBLIGATED	EXPENDED
Defense	Infrastructure	3,272.1	3,084.7	2,740.8	-3.3 (0%)	45.1 (2%)
	Equipment	4,694.9	4,412.0	4,155.6	18.6 (0%)	115.3 (3%)
	Training	612.8	428.1	372.2	26.6 (7%)	46.2 (14%)
	Sustainment	1940.2	1,858.5	1,649.8	25.4 (1%)	0.7 (0%)
	MOD Subtotal	**10,520.0**	**9,783.4**	**8,918.4**	**67.3 (1%)**	**207.3 (2%)**
Interior	Infrastructure	1,447.8	1,377.5	1,102.2	-2.1 (0%)	35.0 (3%)
	Equipment	1,899.2	1,699.8	1,441.4	-35.3 (-2%)	140.0 (11%)
	Training	2,585.4	2,422.3	2,359.6	23.6 (1%)	87.6 (4%)
	Sustainment	610.5	594.5	529.0	16.7 (3%)	7.5 (1%)
	MOI Subtotal	**6,542.9**	**6,094.1**	**5,432.3**	**2.8 (0%)**	**270.1 (5%)**
Other	**Subtotal**	**976.4**	**868.1**	**737.3**	**2.9 (0%)**	**39.4 (6%)**
Total		**18,039.3**	**16,745.5**	**15,088.0**	**73.0 (0%)**	**516.8 (4%)**

Note: Data not audited. Numbers affected by rounding.

Sources: OSD, response to SIGIR data call, 1/13/2010; SIGIR, *Quarterly Report to the United States Congress*, 10/2009.

FIGURE 2.4

UNOBLIGATED ISFF APPROPRIATIONS
$ Billions

| | Available for New Obligations |
| | Not Available for New Obligations |

Total Unobligated: **$1.29 Billion**

$0.82 Billion Available for New Obligations (From FY 2009 Appropriation) — 64%

$0.47 Billion Not Available for New Obligations — 36%

FISCAL YEAR	APPROPRIATED ($ BILLIONS)	EXPIRES FOR NEW OBLIGATIONS	OBLIGATIONS CANCELED
2005	5.49	9/30/2006	9/30/2011
2006	3.01	9/30/2007	9/30/2012
2007	1.70	9/30/2008	9/30/2013
2007 (Sup)	3.84	9/30/2008	9/30/2013
2008	1.50	9/30/2009	9/30/2014
2008 (Sup)	1.50	9/30/2009	9/30/2014
2009	1.00	9/30/2010	9/30/2015

Note: Data not audited. Numbers affected by rounding.

Sources: OSD, response to SIGIR data call, 1/13/2010; SIGIR, *Quarterly and Semiannual Reports to the United States Congress*, 3/2004–10/2009.

Unobligated ISFF Appropriations

Only the 2009 ISFF appropriation remains available for new obligations; the 2005–2008 ISFF appropriations have expired, and are no longer eligible for new obligations.[67] Funds that have been obligated from the ISFF appropriations must be expended within five years of their expiration date or the obligations will be canceled and the money returned to the General Fund of the U.S. Treasury.[68]

During this five-year period, USF-I may adjust obligations that were incurred before the budget authority expired. For example, USF-I may increase the amount of an obligation to an existing project if costs were greater than originally estimated. However, USF-I may not initiate an entirely new project or obligation.[69] For details on the life spans of ISFF appropriations, and the availability of ISFF funds for new obligations, see Figure 2.4.

Economic Support Fund

Since 2003, the Congress has appropriated $4.56 billion to the ESF to improve infrastructure and community security, promote democracy and civil society, and support capacity building and economic development.[70]

As of December 31, 2009, $822 million in unexpended obligations remain. A further $674 million remains unobligated, but only the FY 2010 appropriation of $382.5 million can be obligated to new projects.[71]

In total, $3.88 billion (85%) of the ESF had been obligated and $3.06 billion (67%) had been expended as of the end of the quarter.[72] For the status of these funds, see Figure 2.5 and Table 2.6.

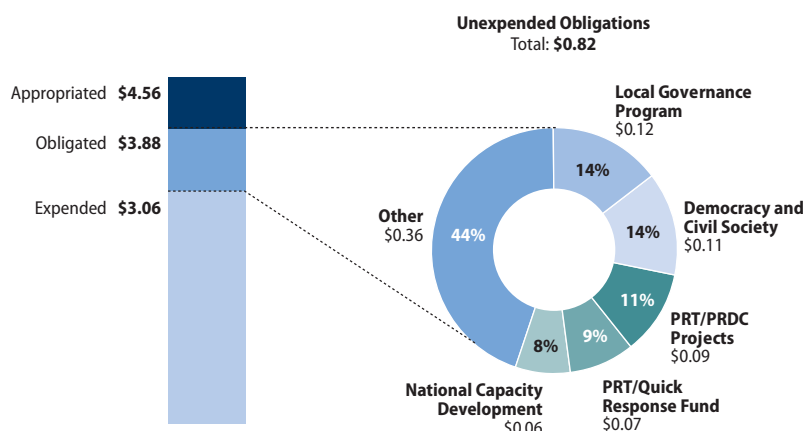### ESF Quarterly Obligations and Expenditures by Program

The ESF is allocated to programs in three tracks:

- Security—programs to reduce violence, improve infrastructure security, and strengthen government accountability
- Political—programs to increase national and provincial government capacity
- Economic—programs to increase Iraq's operations and maintenance capabilities and stimulate private-sector growth

There were $325.6 million in net obligations this quarter, a 9% increase in cumulative obligations since last quarter.[73] The Political track accounted for $199.8 million (61%) of the net obligations, with the majority of obligations concentrated in the Iraqi Refugees (Jordan) and Democracy and Civil Society programs.[74] The Security track accounted for $115.1 million (35%) of net obligations, mostly within the Community Action Program, which saw the addition of a new civil society development component focused on project identification and program management training for Iraqi partners.[75]

There were $295.7 million in net expenditures this quarter, an 11% increase in cumulative

expenditures since last quarter.[76] Nearly half of net expenditures this quarter were in the Security track, with the Community Action Program and PRT/PRDC Projects accounting for the majority.[77] The Iraqi Refugees (Jordan) program, in the Political track expended the greatest amount—$75.2 million—more than 25% of all quarterly expenditures.[78]

FIGURE 2.5

ESF: STATUS OF FUNDS
$ Billions

Note: Data not audited. Numbers affected by rounding.

Sources: U.S. Embassy-Baghdad, responses to SIGIR data call, 1/11/2010, 1/14/2010, and 1/20/2010; USACE, response to SIGIR data call, 1/2/2010; NEA-I, response to SIGIR data call, 1/20/2010.

TABLE 2.5

FY 2010 ESF BUDGET AUTHORITY
$ Millions

PROGRAM	BUDGET AUTHORITY
Democracy and Civil Society	126.0
Civilian Assistance Program	50.0
Ministerial Capacity Development	50.0
Iraqi Minorities	10.0
Marla Ruzicka Fund	5.0
Not Specified	141.5
Total	**382.5**

Note: Democracy and Civil Society includes $10.0 million for the Iraqi Women's Democracy initiative.

Source: House of Representatives Report 111-366, "Conference Report to Accompany H.R. 3288," 12/8/2009, p. 1466.

TABLE 2.6
ESF: STATUS OF FUNDS, BY TRACK AND PROGRAM
$ Millions

Track	Program	Status of Funds			Quarterly Change	
		Allocated	Obligated	Expended	Obligated	Expended
Security	PRT/PRDC Projects	717.3	510.8	417.2	21.4 (4%)	52.3 (14%)
	Community Stabilization Program	646.5	646.5	607.8	0.2 (0%)	-7.6 (-1%)
	Local Governance Program	410.5	410.5	295.0		23.6 (9%)
	Community Action Program	382.1	382.1	249.6	71.1 (23%)	56.6 (29%)
	PRT Quick Response Fund	242.0	220.1	146.2	19.6 (10%)	14.2 (11%)
	Infrastructure Security Protection	217.0	184.2	181.2	2.8 (2%)	1.9 (1%)
	Subtotal	**2,615.3**	**2,354.2**	**1,896.9**	**115.1 (5%)**	**141.0 (8%)**
Political	National Capacity Development	309.4	309.4	244.5		21.2 (9%)
	Democracy and Civil Society	291.3	259.4	148.0	74.2 (40%)	3.5 (2%)
	Iraqi Refugees (Jordan)	165.3	165.3	111.2	107.3 (185%)	75.2 (209%)
	Economic Governance II, Policy and Regulatory Reforms	85.0	85.0	85.0		
	Ministerial Capacity Development	50.4	41.8	29.5	-1.3 (-3%)	0.5 (2%)
	Regime Crimes Liaison Office	33.0	29.8	28.8	-0.3 (-1%)	0.4 (1%)
	Elections Support	12.6	12.6	12.1	12.6	12.1
	Monitoring and Evaluation	7.3	7.3		7.3	
	Subtotal	**954.3**	**910.6**	**659.1**	**199.8 (28%)**	**113.0 (21%)**
Economic	O&M Sustainment	285.5	272.2	267.0	2.1 (1%)	0.8 (0%)
	Inma Agribusiness Development	124.0	124.0	82.5		10.1 (14%)
	Provincial Economic Growth	85.8	85.8	48.7		12.9 (36%)
	Targeted Development Program	57.4	57.4	29.6	-0.4 (-1%)	8.3 (39%)
	Plant-Level Capacity Development & Technical Training	51.5	47.9	47.7	0.1 (0%)	0.6 (1%)
	Izdihar	32.8	32.8	31.4	9.0 (38%)	9.0 (40%)
	Subtotal	**637.0**	**620.1**	**506.8**	**10.8 (2%)**	**41.7 (9%)**
Total		**4,206.7**	**3,884.9**	**3,062.8**	**325.6 (9%)**	**295.7 (11%)**

Note: Data not audited. Numbers affected by rounding.

Sources: NEA-I, response to SIGIR data call, 1/20/2010; U.S. Embassy-Baghdad, responses to SIGIR data call, 1/11/2010, 1/14/2010, and 1/20/2010; USACE, response to SIGIR data call, 1/2/2010; USAID, response to SIGIR data call, 1/20/2010.

Normalizing the ESF and Other Civilian Assistance Funds

According to the U.S. Embassy-Baghdad, the United States is moving toward a conventional civilian assistance program in Iraq. As part of the new requirements for all U.S. Embassies around the world, U.S. Embassy-Baghdad submitted its first civilian-assistance Operation Plan (OP) and Performance Plan and Report (PPR) in 2009. In addition, foreign operations funding was requested and appropriated as part of the normal budget process for the first time in FY 2010. In future fiscal years, the Administration will continue to request foreign operations funding as part of the normal budget process to meet evolving U.S. civilian assistance goals.[79]

This quarter, the Congress appropriated up to $382.5 million to the ESF,[80] 13% less than was appropriated last year and 8% less than the administration's request.[81] Of the FY 2010 ESF appropriation, $241.0 million was earmarked for specific purposes, focusing primarily on democracy promotion.[82] For details on the 2010 ESF budget authority, see Table 2.5.

Commander's Emergency Response Program

Since 2004, the Congress has provided $3.65 billion to the CERP for Iraq, enabling military commanders to respond to urgent humanitarian relief and reconstruction requirements within their areas of responsibility.[83] As of December 31, 2009, $138 million in unexpended obligations remain. A further $158 million remains unobligated.[84]

In total, $3.50 billion (96%) of the CERP had been obligated and $3.36 billion (92%) had been expended as of the end of the quarter.[85] For the status of these funds, see Figure 2.6.
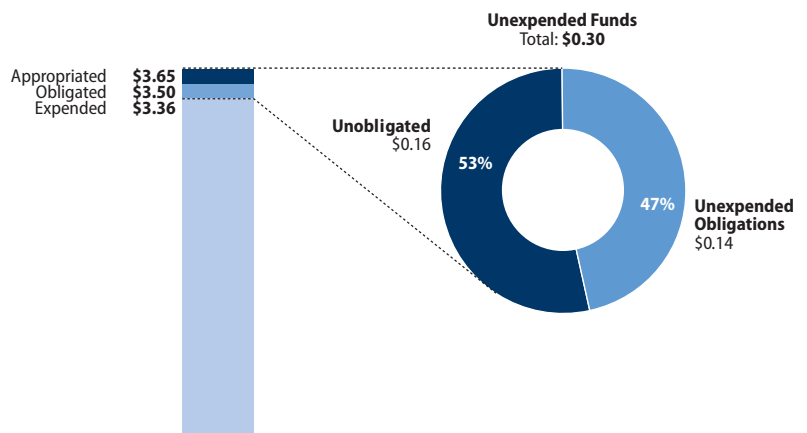
CERP Quarterly Obligations and Expenditures by Sector

DoD reported that, as of September 30, 2009, $339 million had been obligated and $213 million had been expended from the FY 2009 CERP appropriation. The largest expenditures of the FY 2009 appropriation were for Temporary Contract Guards for Critical Infrastructure ($35 million) and Civic Cleanup Activities ($32 million).[86] For the status of FY 2009 CERP funds, see Table 2.7.

DoD does not report each quarter on the allocation, obligation, and expenditure data—by project category—for all fiscal year appropriations. Consequently, SIGIR cannot provide a full account of quarterly obligations and expenditures by project category for prior year appropriations, and must rely on the *MNC-I Quarterly Report* available from the Iraq Reconstruction Management System (IRMS) for that data.[87] Cumulative data by project category is drawn from the IRMS for the Funding Uses and Outcomes section of this report.

CERP Coordination and Project Approval Requirements

The CERP funds both counterinsurgency and broader reconstruction and development projects. USF-I establishes policies by which Division and Brigade Commanders expend CERP funds to support security and stability.[88] Official policy

FIGURE 2.6
CERP: Status of Funds
$ Billions

Note: Data not audited. Numbers affected by rounding. OSD does not report allocation, obligation, and expenditure data for project categories on a quarterly basis for all fiscal year appropriations. Consequently, SIGIR cannot provide a full account of quarterly obligations and expenditures by project category. Top-line totals may not match project category totals found in the Funding Uses section of this report.

Source: OSD, response to SIGIR data call, 1/13/2010.

is recorded in the *Money as a Weapon System (MAAWS)* manual, which was last updated on November 1, 2009.[89]

For non-security-related reconstruction and development projects, USF-I works with U.S. Embassy-Baghdad's Office of Provincial Affairs and interagency partners to develop CERP guidance and priorities. Military commanders coordinate with Provincial Reconstruction Teams (PRTs) in the nomination and execution of projects, and must inform PRTs in their areas of operation about all CERP expenditures greater than $50,000 or at a lower level if not proposed solely for security reasons. If a military commander proceeds with a CERP-funded project that is opposed by a PRT, the disagreement is documented and communicated within each organization's chain of command.[90]

In May 2009, Fragmentary Order 380 (FRAGO 380) directed military units, in partnership with PRTs, to aggressively use the CERP in support of provincial government capacity development and maintenance of security ahead of the Iraqi national elections and the drawdown of U.S. forces.[91]

TABLE 2.7

CERP: Status of FY 2009 Appropriation, by Project Category
$ Millions

Project Category	Obligated	Expended
Temporary Contract Guards for Critical Infrastructure	35.15	34.87
Civic Cleanup Activities	49.01	31.52
Economic, Financial, and Management Improvements	28.34	24.52
Water & Sanitation	38.69	20.10
Electricity	37.72	19.79
Education	34.62	18.08
Transportation	21.37	11.78
Protective Measures	15.72	10.57
Agriculture	26.99	10.19
Other Humanitarian or Reconstruction Projects	10.89	8.30
Repair of Civic & Cultural Facilities	8.58	6.66
Healthcare	7.42	5.25
Civic Support Vehicles	11.13	3.67
Rule of Law & Governance	6.35	3.51
Condolence Payments	1.92	1.91
Battle Damage Repair	1.95	1.29
Food Production & Distribution	2.68	0.87
Telecommunications	0.49	0.43
Former Detainee Payments	0.02	0.02
Hero Payments	0.02	0.02
Total	**339.05**	**213.36**

Note: Data not audited. Numbers affected by rounding.

Source: OSD, response to SIGIR data call, 1/13/2010

Smaller Funding Streams

The Congress has appropriated, or otherwise made available, at least $6.18 billion in smaller funding streams for Iraq reconstruction.[92] Most of these funding streams are managed by DoS, although other departments and temporary agencies play important roles. Given the number of agencies and funding streams, and the complicated way funds in these streams have been transferred between agencies, the status and exact uses of funds are difficult to determine.

As of December 31, 2009, at least $3.75 billion had been obligated, and at least $3.20 billion had been expended.[93] SIGIR has classified these funding streams into three categories:

- Other Assistance Programs—$3.85 billion
- Reconstruction-related Operating Expenses—$2.05 billion
- Reconstruction Oversight—$0.276 billion

For details on the status of the smaller funding streams, see Table 2.3.

Five of the smaller funding streams received new funding this quarter. For reconstruction and development, the Congress appropriated $52.0 million to INCLE, but stipulated that none of the funds may be used for new construction.[94] In addition, the Congress appropriated up to $32.3 million to NADR and IMET. The conference report provided no specific allocations to these funds, but the available budget authority is equal to the sum of the administration's requested amounts—$30.3 million for NADR and $2.0 million for IMET.[95] Last year, $20.0 million was appropriated to NADR and $2.0 million was appropriated to IMET.[96]

For oversight, the Congress appropriated $23.0 million to SIGIR.[97] The conference report also noted that a portion of the $20.1 million available to the DoS Office of Inspector General for activities in the Middle East and South Asia would support its efforts in Iraq.[98]◆

RECONSTRUCTION MANAGEMENT IN TRANSITION

As the United States transitions to a diplomatic and development mission in Iraq, $3.09 billion in obligated funds remain for expenditure on new reconstruction projects, the completion and closeout of ongoing projects, and sustainment.[99] The U.S. posture in Iraq has begun to reflect a more traditional bilateral relationship, with a reduced security footprint and continuing assistance moving into normalized budget cycles. Still, relatively significant levels of support appear to be necessary in the near term as security and reconstruction responsibilities are transitioned to Iraq.

SIGIR and the Government Accountability Office (GAO) reported again this quarter on the need for better planning and contractor oversight to address the challenges associated with the complicated transition from DoD command to DoS management of assistance programs supporting GOI institutions.[100] In addition, the DoS Office of Inspector General (DoS OIG) expressed reservations about DoS's management of the transition.

The transfer of equipment and resources associated with the drawdown of U.S. military

Drawing down must be closely managed. Lingering tensions could flash. But sustained security gains to date and Iraq's continued progress have placed it on a positive note for the future. We must finish well in Iraq.[101]

—Admiral Mike Mullen, Chairman of the Joint Chiefs of Staff, December 22, 2009

FIGURE 2.7

U.S. EMBASSY-BAGHDAD AND USF-I: CURRENT ORGANIZATIONAL STRUCTURES
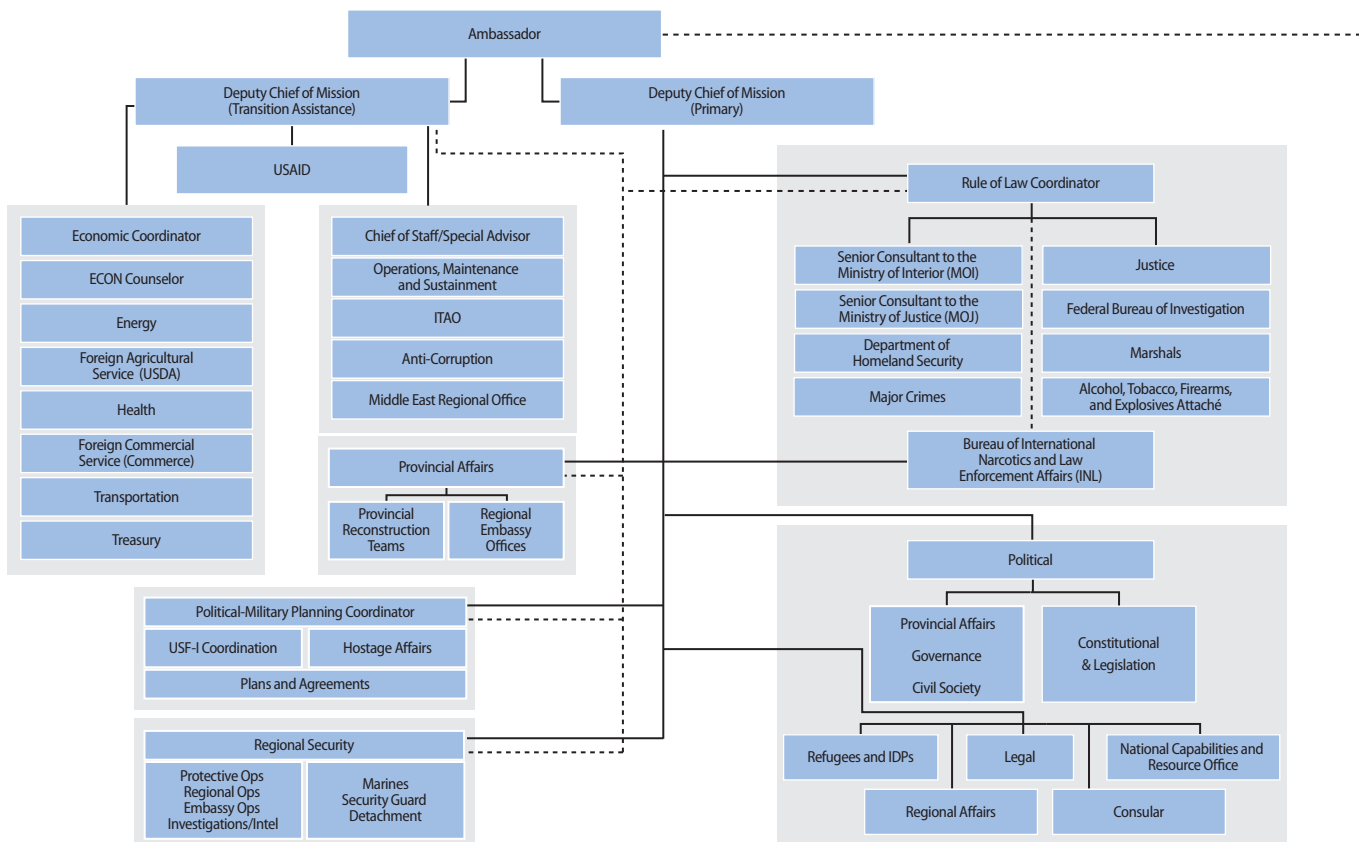
Sources: U.S. Embassy-Baghdad, response to SIGIR data call, 1/4/2010; USF-I, response to SIGIR data call, 1/4/2010.

forces also appears to represent an opportunity to support the GOI and minimize U.S. transition expenses, but according to DoS OIG, it is not clear whether this process was sufficiently well-planned.[102] Currently, $1.1 billion in U.S.-purchased equipment and other resources have been identified for transfer to the GOI as part of the disposition of U.S. military equipment.[103]

Organizing for the Transition: An Emerging Picture

On January 1, 2010, the U.S. forces deployed to Iraq in five major command groups merged under one single command, U.S. Forces-Iraq (USF-I), which will manage the continued drawdown in

coordination with DoS.[104] For details on the USF-I command structure and U.S. Embassy-Baghdad organization, see Figure 2.7.

Ramp-up of U.S. Troop Withdrawal

President Obama has set August 31, 2010, for the formal conclusion of the U.S. combat mission in Iraq. DoD's phased plan for withdrawal is framed by the goals and deadlines set forth under the Security Agreement between the U.S. government and the GOI. After the combat mission in Iraq ends, 50,000 U.S. troops will remain to train, advise, and equip the Iraqi Security Forces (ISF) and to conduct targeted counterterrorism missions.[105] Their role is expected to conclude with the withdrawal of all remaining U.S. forces by the end of 2011. During the drawdown, U.S. forces will
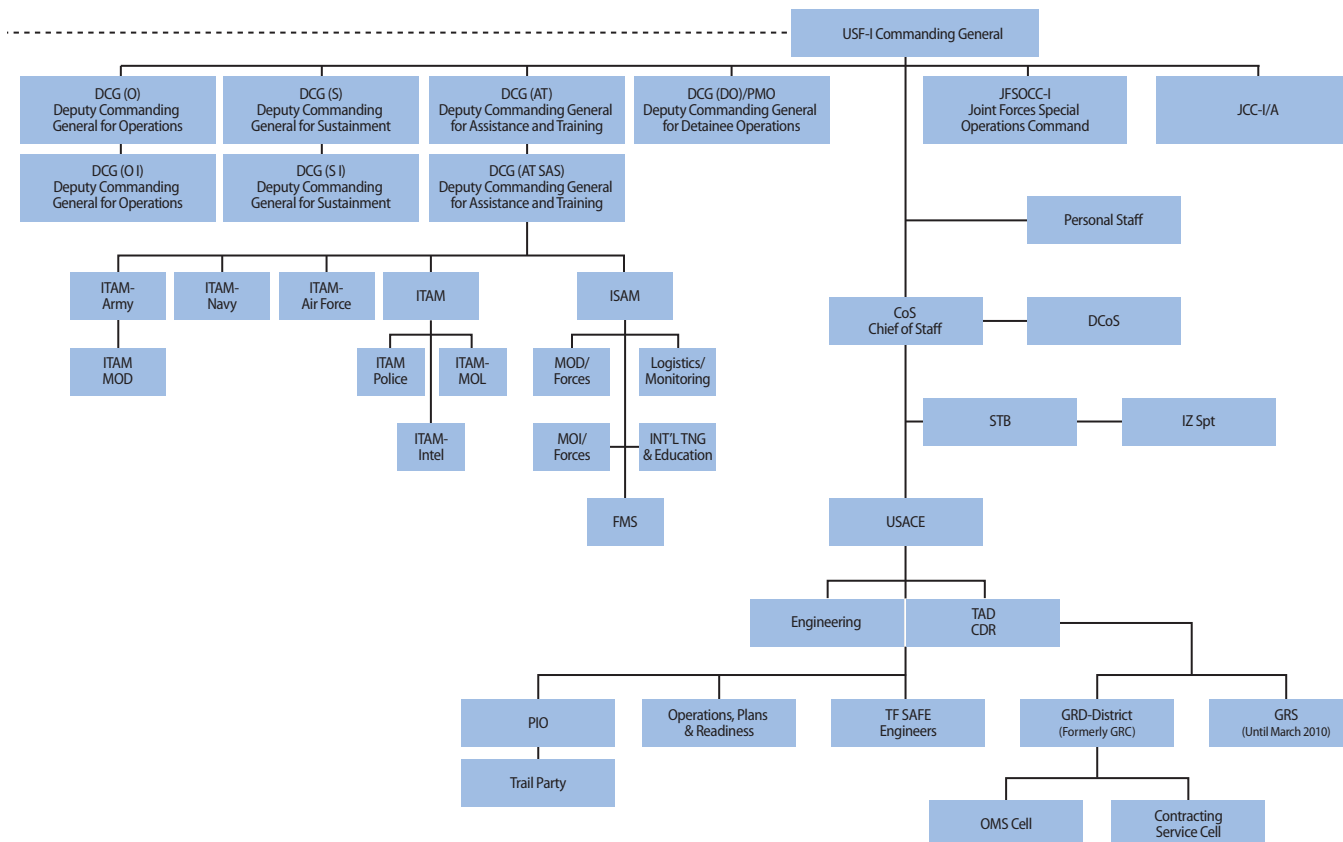
Removal of U.S. military equipment from Baghdad, November 2009. (USF-I photo)

continue to assist the ISF in conducting security operations, especially those conducted ahead of the March 7, 2010, elections.[106]

In GAO testimony before the Commission on Wartime Contracting in Iraq and Afghanistan, the Director of Defense Capabilities and Management cited several challenges to successful execution of DoD's phased drawdown plan:[107]

- DoD has yet to fully determine its future needs for contracted services.

- Potential costs and other concerns of transitioning key contracts may outweigh potential benefits.
- DoD lacks sufficient numbers of contract oversight personnel.
- Key decisions about the disposition of some equipment have yet to be made.
- The effective disposition of military equipment may be undermined by computer technology incompatibility and the DoD's lack of precise visibility over its inventory of some equipment and shipping containers.

The efficient execution of the security transition—and the provision of material benefit to the ISF through equipment disposal processes—depends on DoD's ability to mitigate these challenges.

Disposition of U.S. Military Equipment

As of November 2009, USF-I controlled about 3.3 million pieces of equipment in Iraq.[108] DoD planners continue to assign equipment to one of four categories for processing:[109]

- refurbished and shipped to U.S. forces in Afghanistan
- returned to home stations
- transferred to U.S. depot/reset programs
- transferred to GOI or the government of Afghanistan

FIGURE 2.8

DISPOSITION OF U.S. EQUIPMENT

Pieces of Equipment, Millions
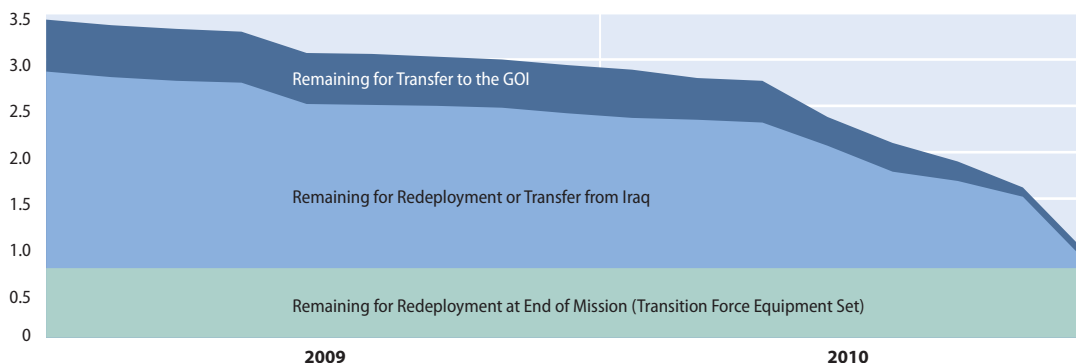
Source: DoD, *Measuring Stability and Security in Iraq*, 11/4/2009, p. 36.

To achieve successful removal, demilitarization, or transfer of its equipment by the end of December 2011, USF-I had emphasized that it must receive timely disposition instructions and expanded authority to declare equipment as excess. On July 7, 2009, the Deputy Under Secretary of Defense for Logistics and Materiel Readiness extended authorities aimed at speeding disposition of U.S. equipment and transfer to the GOI:[110]

- The single-transaction dollar limit of materiel that may be transferred to the GOI was raised from $5 million to $15 million.
- USF-I was delegated the authority to transfer barrier materials (such as fencing, t-walls, and other protective equipment) with no dollar limit.
- Military commanders may apply depreciated value instead of acquisition value to equipment being transferred.

See Figure 2.8 for a timeline of equipment disposition.

Contractors Continue To Play a Central Role

The level of contracting services needed to support the drawdown of troops and equipment from Iraq has yet to be fully identified.[111] Contractors will continue to provide a wide range of tasks essential for operations and for reconstruction programs, but DoD announced plans for a 30% reduction in overall contractor support (to a force of 75,000) by the end of FY 2010.[112] As of January 22, 2010, USF-I reported 100,035 DoD contractors working in Iraq:[113]

- 51,990 third-country nationals
- 27,843 U.S. citizens
- 20,202 Iraqi nationals

Program Management

U.S. Embassy-Baghdad continues to lead all ongoing U.S. assistance programs. This includes:[114]

- overseeing reconstruction programs to their conclusion
- managing remaining infrastructure and equipment projects and programs that extend beyond 2011 (including FMS projects and sales)
- assuming responsibility for the police training program currently being conducted by the USF-I

For a timeline of DoD and DoS transfer of management for reconstruction projects, see Figure 2.9.

GRD and ITAO

The Gulf Region Division (GRD) of the U.S. Army Corps of Engineers (USACE) provided engineering and construction management support for Iraq reconstruction from its inception in January 2004 through its deactivation on October 23, 2009. USACE reported that GRD completed 4,697 projects, valued at $7.3 billion.[115] Two USACE units remain in Iraq, under the authority of the Transatlantic Division, to finish the reconstruction mission: Gulf Region District, South (headquartered in Tallil), and the Gulf Region District (headquartered in Baghdad).[116]

The Executive Order that enabled DoS's Iraq Transition Assistance Office (ITAO) to provide programming and oversight during the conclusion of remaining large infrastructure projects in Iraq expires on May 8, 2010. However, U.S. Embassy-Baghdad plans to retain a small ITAO unit for approximately one year to ensure project completion and financial closeout of ongoing reconstruction and assistance projects. By summer 2010, functions performed by ITAO will fall under the responsibility of the Office of Provincial Affairs (OPA) instead of the U.S. Embassy's Executive Office.[117]

FIGURE 2.9

U.S. RECONSTRUCTION MANAGEMENT IN TRANSITION, AS OF 1/15/2010

Note: Estimated operating costs shown above the PRT footprint were reported by DoS OIG in Audit MERO-A-09–10, released in 8/2009. The audit reported $484 million for FY 2009, $636 million for FY 2010, and $611 million for FY 2011. These transitions are still in the planning stages, and final decisions have not been made.

Sources: OSD, responses to SIGIR data calls, 9/30/2009 and 1/15/2010; DoS OIG Audit MERO-A-09-10, "Embassy Baghdad's Transition Planning for Reduced United States Military Presence in Iraq," 8/2009, pp. 1–22; House Appropriations Committee Report 111-230, "Department of Defense Appropriations Bill, 2010," 7/24/2009, pp. 6–7, 349–350; Commander, MNF-I, testimony before the House Armed Services Committee, "The Status of Ongoing Efforts in Iraq," 9/30/2009; U.S. Embassy-Baghdad, "Baghdad: INL Program Management and Contractor Performance," No. 2694, 10/7/2009; USACE, "Cumulative Reconstruction Fact Sheet," www.grd.usace.army.mil, data as of 9/1/2009; Inspector General Stuart Bowen, letter to U.S. Chief of Mission, U.S. Embassy-Iraq, and Commanding General, MNF-I, 8/18/2009; U.S. Embassy-Baghdad, responses to SIGIR data call, 10/4/2009 and 10/6/2009; USACE, response to SIGIR data call, 1/4/2009; U.S. Embassy-Baghdad, responses to SIGIR data call, 1/4/2010 and 1/15/2010.

Iraq Reconstruction Management System

This quarter, SIGIR released an audit of the DoS contract awarded to study the Iraq Reconstruction Management System (IRMS), a database originally intended to house information on projects funded by the IRRF. Through the years, the system has added information about projects funded by the ISFF, CERP, and ESF, but its reliability and usefulness remain in question. DoS reported that a recent memorandum of understanding on asset transfer, signed with the GOI, calls for data on U.S. projects to be transferred via spreadsheet (in both English and Arabic) rather than through an active database or system. Formal transfer of information via spreadsheet began in November 2009.[118]

SIGIR's audit found that investing $5 million at this time for an updated IRMS design will not likely provide any meaningful improvements or benefits to U.S. Embassy-Baghdad or any other IRMS users. Moreover, according to the audit, the principal agencies that will be involved in reconstruction beyond October 2010 have existing systems that can track reconstruction activities.[119] For a more detailed summary of the audit's findings and recommendations, see Section 4.

USF-I/INL Police Training

USF-I now has oversight of programs funded by the ISFF to train and equip the ISF and construct security facilities. According to DoD, more than 800,000 Iraqi personnel have received some form of training, but specialized training, force replenishment, and train-the-trainer programs remain significant outstanding requirements for the ISF.[120] By October 2011, the USF-I units conducting police training will hand over responsibility for the police development mission, including 350 international police advisors (IPAs), to U.S. Embassy-Baghdad's Bureau of Narcotics and Law Enforcement Affairs (INL) office. To administer this program, INL reports that its staff of 15 will need to grow to 21 in 2010, and to 27 by 2011.[121]

INL has reported plans to build on basic police training provided under the current military-led program by providing ministry-level assistance and support among the senior ranks in line with the GOI's expressed needs. The INL program will focus on providing specialized training and mentoring in areas such as management, leadership, strategic planning, criminal investigation, and IT development.[122] For a timeline of transitioning responsibility for police training, see Figure 2.10.

This quarter, SIGIR also released an audit of DoS's oversight of the DynCorp contract for

GRD prepares to case colors during a deactivation ceremony in Baghdad on October 24, 2009. (USACE photo)

support of the Iraqi police training program. SIGIR found that INL continues to exhibit weak oversight of the DynCorp task orders for support of the Iraqi police training program. To correct these long-standing weaknesses, SIGIR recommends that the Deputy Secretary of State for Management and Resources direct an immediate examination

FIGURE 2.10

TRANSITION OF IRAQI POLICE TRAINING, 1/2010–12/2011

2010

| JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |

2011

| JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |

January 2010 Consolidate Border Enforcement Advisor contracts with IPA contract

April 2010 Form Provincial Police and Regional Border Training Teams

October 2010– July 2011 Basing consolidation

January 2011 Begin hiring 52 DoS positions

September– December 2011 ITAM transitions to Security Cooperation Structure

Oct 2011 INL assumes full responsibility for IPA contract management

DoD ITAM/ISAM — Transfer of 350 IPAs to INL

The Office of Security Cooperation-Iraq plans to be operating at partial capacity until full operations begin in October 2011.

OSC-I

DoS INL

Note: The nature of this transition is still in the planning stages, and final decisions have not been made.

Sources: U.S. Embassy-Baghdad, INL, responses to SIGIR data call, 1/4/2010 and 1/15/2010.

of the organization responsible for managing the contract to determine if it is structured, staffed, and managed to effectively and efficiently oversee the contracts under its responsibilities.[123] For further details on the SIGIR audit, see Section 4.

Provincial Reconstruction Teams

OPA has completed the planning process for consolidating the remaining 6 ePRTs into the main PRTs in Baghdad and Anbar. This will leave 15 main PRT locations and 1 Regional Reconstruction Team (RRT), along with smaller satellite locations established in coordination with the local U.S. military commander, to focus on capacity-building activities and projects in the immediate vicinity of these locations. PRT satellite locations remain in operation only if military support is available and only if programs, projects, or engagements deemed vital to U.S. interests remain in progress. The current PRT Operation Plan anticipates maintaining the 15 fully functioning PRTs and 1 RRT into the summer of 2011. The U.S. civilian presence beyond that time is still under review by senior interagency leadership.[124]

Anticipated changes in funding available to support PRT staffing requirements and the availability of military support for the PRTs will almost certainly affect PRT operations. OPA has instituted changes in its operations to identify and respond to issues generated by the anticipated changes in PRT staffing and military support available to the PRTs.[125] On December 15, 2009,
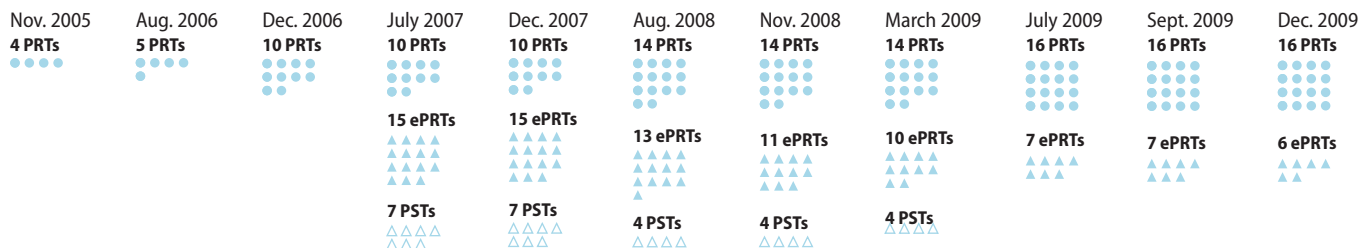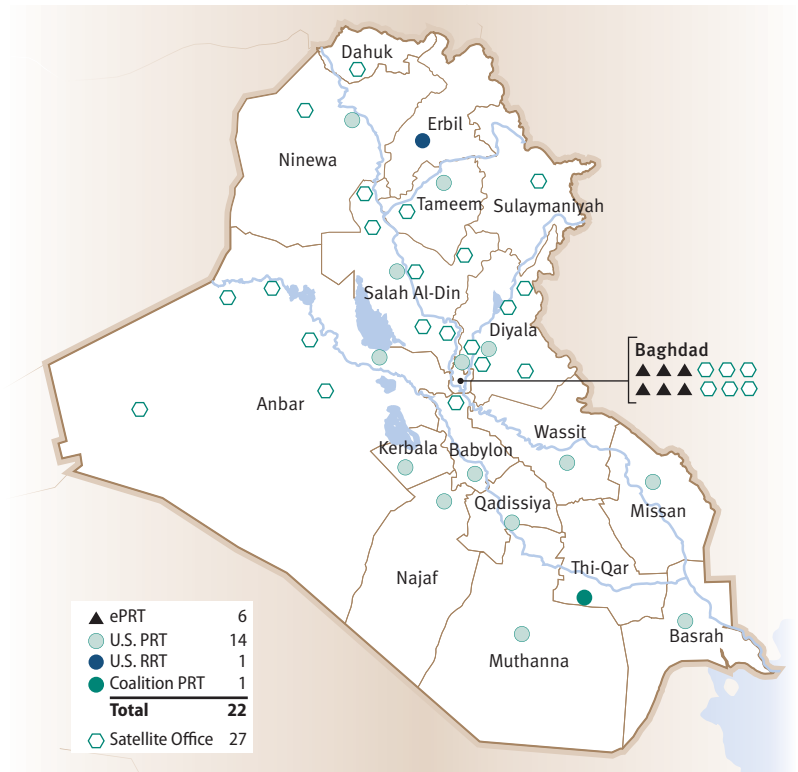
the Regional Embassy Office in Hilla closed. Its ongoing initiatives have been assumed by PRT Babylon.[126] For the current PRT footprint, see Figure 2.11. ◆

4 years ago this quarter

Launching the PRT Program
On November 11, 2005, the first Provincial Reconstruction Team was inaugurated in Mosul. The PRT program established a formal framework in which military and civilian personnel could work as an integrated team, rather than as a partnership between separate military and civilian offices.

FIGURE 2.11
PROVINCIAL RECONSTRUCTION TEAM FOOTPRINT, AS OF 12/31/2009

▲ ePRT	6
◯ U.S. PRT	14
● U.S. RRT	1
● Coalition PRT	1
Total	**22**
⬡ Satellite Office	27

Nov. 2005	Aug. 2006	Dec. 2006	July 2007	Dec. 2007	Aug. 2008	Nov. 2008	March 2009	July 2009	Sept. 2009	Dec. 2009
4 PRTs	**5 PRTs**	**10 PRTs**	**10 PRTs**	**10 PRTs**	**14 PRTs**	**14 PRTs**	**14 PRTs**	**16 PRTs**	**16 PRTs**	**16 PRTs**
			15 ePRTs	**15 ePRTs**	**13 ePRTs**	**11 ePRTs**	**10 ePRTs**	**7 ePRTs**	**7 ePRTs**	**6 ePRTs**
			7 PSTs	**7 PSTs**	**4 PSTs**	**4 PSTs**	**4 PSTs**			

Sources: GAO Audit 09-86R, "Provincial Reconstruction Teams in Afghanistan and Iraq," 10/1/2008, pp. 4–5; DoS, *Iraq Status Report*, 8/9/2006, slide 29; SIGIR Audit 07-014, "Status of the Provincial Reconstruction Team Program Expansion in Iraq," 7/28/2007, p. 2; SIGIR, *Quarterly Report and Semiannual Report to the United States Congress*, 1/2008, p. 81; SIGIR Audit 09-013, "Provincial Reconstruction Teams' Performance Measurement Has Improved," 1/28/2009, p. 2; SIGIR Audit 09-020, "Provincial Reconstruction Teams: Developing a Cost-tracking System Will Enhance Decision-making," 4/28/2009, p. 2; U.S. Embassy-Baghdad, response to SIGIR data call, 7/6/2009; U.S. Embassy-Baghdad, OPA, PRT response to SIGIR data call, 1/4/2010.

RECONSTRUCTION
FUNDING USES AND OUTCOMES

SECTION

3

OVERVIEW OF FUNDING USES

SIGIR classifies the major U.S. reconstruction funds by their use into 4 reconstruction areas, comprising 17 sectors. Developments in the Security, Infrastructure, Governance, and Economy areas are discussed in the following pages of this Report. For the status of U.S. reconstruction funding by use, see Table 3.1. For quarterly obligations and expenditures, by reconstruction area, see Figure 3.1. For the status of major funds, by program, in each of SIGIR's four reconstruction areas, see Appendix C.◆

TABLE 3.1

STATUS OF MAJOR U.S. RECONSTRUCTION FUNDS BY USE
$ Billions

AREA	SECTOR	ALLOCATED	OBLIGATED	EXPENDED	OBLIGATED	EXPENDED
Security	Equipment	7.29	6.80	6.29	-0.02 (0%)	0.26 (4%)
	Training	6.11	5.73	5.58	0.05 (1%)	0.13 (2%)
	Infrastructure	5.81	5.54	4.92	-0.01 (0%)	0.08 (2%)
	Sustainment	2.55	2.45	2.18	0.04 (2%)	0.01 (0%)
	Rule of Law	1.50	1.49	1.27		
	Related Activities	1.27	1.16	1.01		0.04 (4%)
	Subtotal	**24.52**	**23.17**	**21.25**	**0.07 (0%)**	**0.52 (3%)**
Infrastructure	Electricity	5.16	5.00	4.86		
	Water and Sanitation	2.75	2.64	2.48		0.01 (0%)
	Oil and Gas	2.06	1.93	1.91		
	General Infrastructure	1.25	1.24	1.24		
	Transportation and Communications	1.16	1.10	0.99		
	Subtotal	**12.38**	**11.90**	**11.48**		**0.01 (0%)**
Governance	Capacity Development	2.56	2.34	1.99	0.05 (2%)	0.09 (5%)
	Democracy and Civil Society	2.20	2.20	1.80	0.16 (8%)	0.14 (9%)
	Public Services	1.96	1.92	1.75		0.01 (1%)
	Humanitarian Relief	0.93	0.93	0.82	0.11 (13%)	0.08 (10%)
	Subtotal	**7.64**	**7.40**	**6.36**	**0.31 (4%)**	**0.32 (5%)**
Economy	Economic Governance	0.80	0.82	0.76		0.01 (2%)
	Private Sector Development	0.75	0.75	0.61	0.01 (1%)	0.04 (7%)
	Subtotal	**1.55**	**1.57**	**1.37**	**0.01 (1%)**	**0.05 (4%)**
Total		**46.10**	**44.03**	**40.46**	**0.40 (1%)**	**0.90 (2%)**

Note: Data not audited. Numbers affected by rounding. OSD does not report CERP allocation, obligation, and expenditure data for project categories on a quarterly basis for all fiscal year appropriations. SIGIR pulls CERP allocation, obligation, and expenditure data from the IRMS, which lags in reporting by one quarter. Therefore, totals may not match top-line values found in the Funding Sources subsection of this Report.

Sources: DoS, response to SIGIR data call, 4/5/2007; IRMS, *MNC-I Quarterly Report*, 1/15/2010; NEA-I, responses to SIGIR data call, 1/13/2010 and 1/20/2010; OSD, responses to SIGIR data calls, 4/10/2009, 1/13/2010, and 1/14/2010; U.S. Embassy-Baghdad, responses to SIGIR data call, 1/11/2010, 1/14/2010, and 1/20/2010; U.S. Treasury, response to SIGIR data call, 4/2/2009; USACE, response to SIGIR data call, 1/2/2010; USAID, responses to SIGIR data calls, 4/13/2009 and 1/20/2010; USTDA, response to SIGIR data call, 4/2/2009; SIGIR, *Quarterly Report to the United States Congress*, 10/2009.

FIGURE 3.1

QUARTERLY OBLIGATIONS AND EXPENDITURES, BY RECONSTRUCTION AREA, 1/2004–12/2009
$ Millions

Note: OSD does not report CERP allocation, obligation, and expenditure data for project categories on a quarterly basis for all fiscal year appropriations. SIGIR pulls CERP allocation, obligation, and expenditure data from the IRMS, which lags in reporting by one quarter. Therefore, totals may not match top-line values found in the Funding Sources subsection of this Report.

Sources: DoS, response to SIGIR data call, 4/5/2007; IRMS, *MNC-I Quarterly Report*, 1/15/2010; NEA-I, responses to SIGIR data call, 1/13/2010 and 1/20/2010; OSD, responses to SIGIR data calls, 4/10/2009, 1/13/2010, and 1/14/2010; U.S. Embassy-Baghdad, responses to SIGIR data call, 1/11/2010, 1/14/2010, and 1/20/2010; U.S. Treasury, response to SIGIR data call, 4/2/2009; USACE, response to SIGIR data call, 1/2/2010; USAID, responses to SIGIR data calls, 4/13/2009 and 1/20/2010; USTDA, response to SIGIR data call, 4/2/2009; *SIGIR, Quarterly and Semiannual Reports to the United States Congress*, 3/2004–10/2009.

SECURITY

As of December 31, 2009, the United States had allocated $24.52 billion, obligated $23.17 billion, and expended $21.25 billion for programs and projects to develop the ISF and support the rule of law in Iraq.[127] This quarter, security programs accounted for 18% of all new obligations and 58% of all new expenditures from the four major reconstruction funds.[128] For the status of U.S. funding for security, see Figure 3.2 and Table 3.2.

There were $72.8 million in net obligations for security programs this quarter, 93% fewer than last quarter. Training and Sustainment for the Iraqi Security Forces (ISF) accounted for most new obligations this quarter. They were partially offset by large de-obligations for Ministry of Interior (MOI) equipment and smaller de-obligations for Infrastructure. The ISFF accounted for all new obligations reported for security programs; $257,000 was de-obligated from ESF-funded programs.[129]

This quarter, expenditures for security programs rose by $520.3 million, 68% less than last quarter. Equipment procurement for the ISF accounted for nearly half of all new expenditures in the security sector. Training for the MOI was the next largest expenditure. The ISFF accounted for virtually all new expenditures reported for security programs, and the CERP accounted for just $3.0 million of total reported expenditures.[130]

Continuing the Transition of Security Responsibilities

DoD reports that U.S. forces in Iraq are "fully engaged," supporting the mission in two primary ways:[131]

- partnering with the ISF in combat operations outside the cities

- providing important "enabling functions" for Iraqi soldiers and police within the cities, such as intelligence, surveillance, and reconnaissance, as well as communications, explosive ordnance disposal, and crime-scene analysis

For information on historical security trends since 2003 and the status of security personnel operating in Iraq, see Figure 3.3.
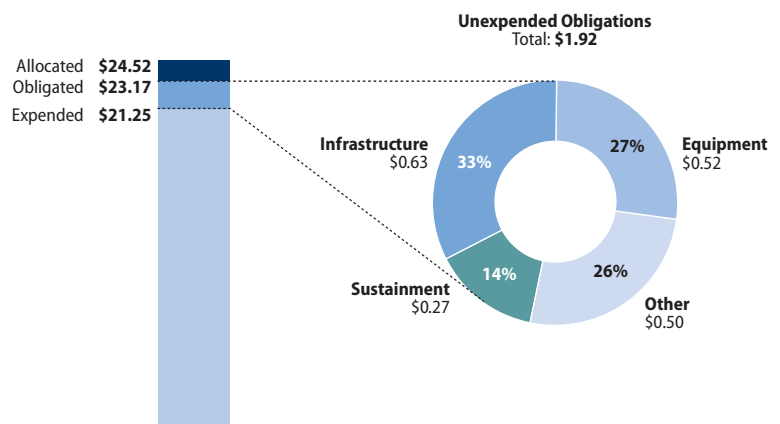
Security Concerns

Overall security incidents in Iraq have decreased by 83% over the past two years, and U.S. military deaths have decreased by more than 90%. Improvised explosive device (IED) attacks in Iraq have

The Security Agreement fundamentally altered how we conduct operations in Iraq, clearly putting Iraqi forces in the lead…. All military operations were conducted by, with, and through the Iraqi Security Forces, according to their rule of law—their rule of law established by their constitution.[132]

—General Raymond Odierno, Commander USF-I, December 9, 2009

FIGURE 3.2
SECURITY: STATUS OF FUNDS
$ Billions

Allocated	**$24.52**
Obligated	**$23.17**
Expended	**$21.25**

Unexpended Obligations
Total: **$1.92**

Infrastructure $0.63 — 33%
Equipment $0.52 — 27%
Other $0.50 — 26%
Sustainment $0.27 — 14%

Note: Data not audited. Numbers affected by rounding. OSD does not report CERP allocation, obligation, and expenditure data for project categories on a quarterly basis for all fiscal year appropriations. SIGIR pulls CERP allocation, obligation, and expenditure data from the IRMS, which lags in reporting by one quarter. Therefore, totals may not match top-line values found in the Funding Sources subsection of this Report.

Sources: DoS, response to SIGIR data call, 4/5/2007; IRMS, *MNC-I Quarterly Report*, 1/15/2010; OSD, responses to SIGIR data calls, 4/10/2009 and 1/13/2010; NEA-I, response to SIGIR data call, 1/6/2010; U.S. Embassy-Baghdad, response to SIGIR data call, 1/20/2010.

TABLE 3.2
SECURITY: STATUS OF FUNDS, BY SECTOR, WITH SELECTED PROGRAMS
$ Millions

		STATUS OF FUNDS		QUARTERLY CHANGE	
SECTOR	**PROGRAM**	**OBLIGATED**	**EXPENDED**	**OBLIGATED**	**EXPENDED**
Equipment	MOD Equipment (ISFF)	4,412.0	4,155.6	18.6 (0%)	115.3 (3%)
	MOI Equipment (ISFF)	1,699.8	1,441.4	-35.3 (-2%)	140.0 (11%)
	Other	690.9	690.5		
	Subtotal	**6,802.7**	**6,287.5**	**-16.7 (0%)**	**255.3 (4%)**
Training	MOI Training (ISFF)	2,422.3	2,359.6	23.6 (1%)	87.6 (4%)
	MOD Training (ISFF)	428.1	372.2	26.6 (7%)	46.2 (14%)
	Other	2,875.7	2,848.4		
	Subtotal	**5,726.0**	**5,580.2**	**50.2 (1%)**	**133.9 (2%)**
Infrastructure	MOD Infrastructure (ISFF)	3,084.7	2,740.8	-3.3 (0%)	45.1 (2%)
	MOI Infrastructure (ISFF)	1,377.5	1,102.2	-2.1 (0%)	35.0 (3%)
	Other	1,081.5	1,074.7		
	Subtotal	**5,543.7**	**4,917.7**	**-5.4 (0%)**	**80.1 (2%)**
Sustainment	**Subtotal**	**2,453.0**	**2,178.8**	**42.1 (2%)**	**8.2 (0%)**
Rule of Law	**Subtotal**	**1,486.8**	**1,274.6**	**-0.3 (0%)**	**3.4 (0%)**
Related Activities	Related Activities (ISFF)	868.1	737.3	2.9 (0%)	39.4 (6%)
	Other	287.4	273.0		0.02 (0%)
	Subtotal	**1,155.5**	**1,010.3**	**2.9 (0%)**	**39.4 (4%)**
Total		**23,167.8**	**21,249.2**	**72.8 (0%)**	**520.3 (3%)**

Note: Data not audited. Numbers affected by rounding. The status and quarterly change for programs in the "Other" categories may be found in Appendix C. OSD does not report CERP allocation, obligation, and expenditure data for project categories on a quarterly basis for all fiscal year appropriations. SIGIR pulls CERP allocation, obligation, and expenditure data from the IRMS, which lags in reporting by one quarter. Therefore, totals may not match top-line values found in the Funding Sources subsection of this Report.

Sources: DoS, response to SIGIR data call, 4/5/2007; IRMS, *MNC-I Quarterly Report*, 1/15/2010; OSD, responses to SIGIR data calls, 4/10/2009 and 1/13/2010; NEA-I, response to SIGIR data call, 1/6/2010; U.S. Embassy-Baghdad, response to SIGIR data call, 1/20/2010; SIGIR, *Quarterly Report to the United States Congress*, 10/2009.

decreased nearly 80% during the same time, while car bomb and suicide-vest attacks decreased by 92%. November 2009 saw the lowest number of security incidents and civilian deaths since the war began in 2003.[133] And December 2009 was the first month since the commencement of the war in which no U.S. troops died as a result of hostilities.[134]

DoD reports that the al-Qaeda in Iraq (AQI) terrorist network has been degraded and its funding reduced by 50%. Nonetheless, high-profile bombings continue, such as the multiple attacks in October and December 2009 near Iraqi government sites in Baghdad.[135] These attacks claimed the lives of hundreds of people and injured more than 1,000.[136]

Many underlying sources of instability persist, potentially putting recent security gains at risk. Internal ethnosectarian divisions remain at the forefront of disputes over political borders in the contest for natural resources. The AQI, as well as Kurdish,
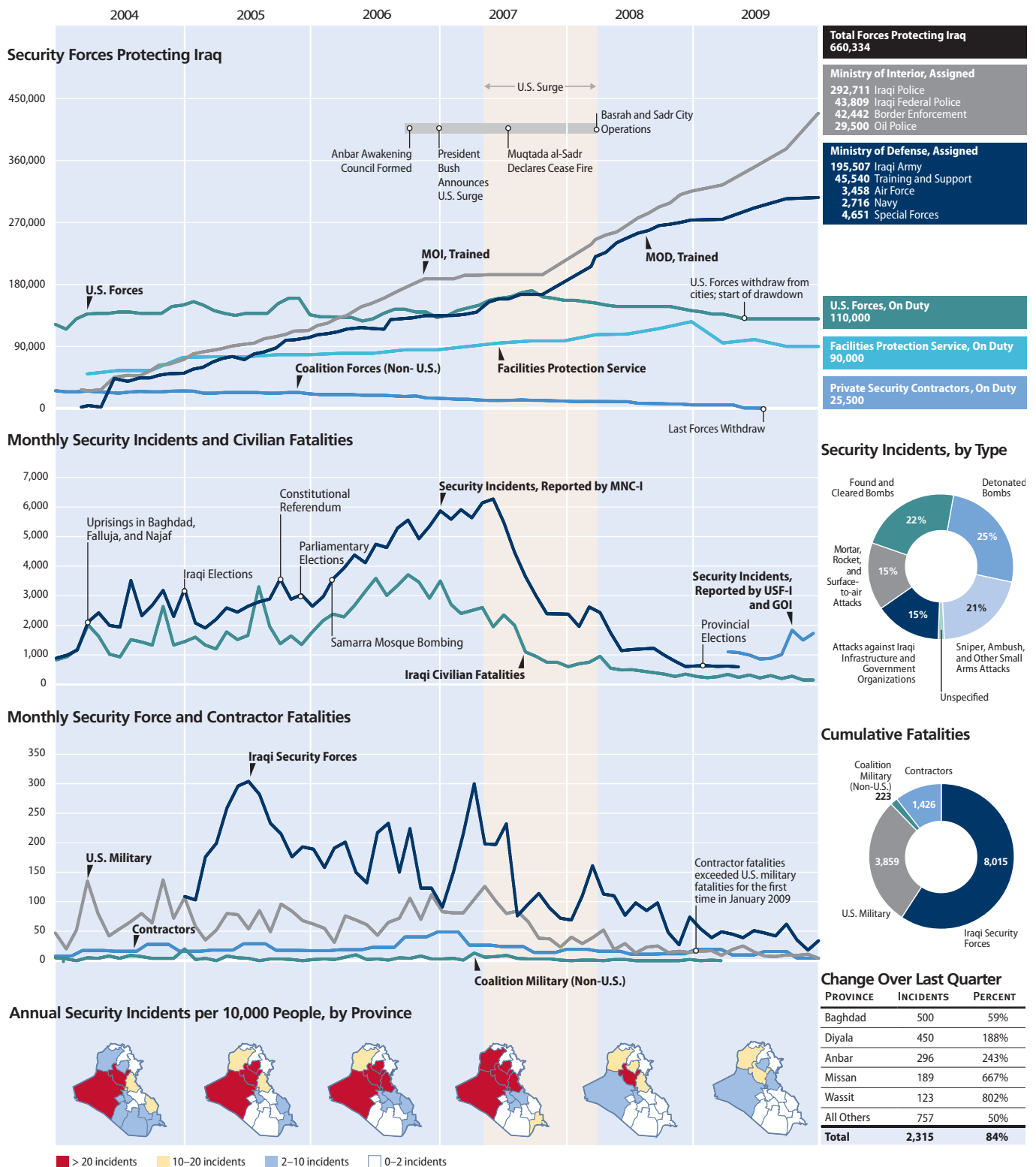

U.S soldiers training Iraqi soldiers on November 15, 2009, for their upcoming mission in Ramadi, Iraq. (USF-I photo)

Sunni, and Shia militants, appear to be targeting mixed urban areas—including those in Ninewa, Tameem, Diyala, and Baghdad provinces—with the intent of inciting sectarian violence as well as undermining public perception of the Iraqi government.[137] For additional information on deaths associated with multiple-fatality bombings over

FIGURE 3.3
SECURITY IN IRAQ, 1/2004–12/2009

2004   2005   2006   2007   2008   2009

Security Forces Protecting Iraq

450,000

360,000

270,000

180,000

90,000

0

← U.S. Surge →

Anbar Awakening Council Formed

President Bush Announces U.S. Surge

Muqtada al-Sadr Declares Cease Fire

Basrah and Sadr City Operations

MOI, Trained

MOD, Trained

U.S. Forces

U.S. Forces withdraw from cities; start of drawdown

Coalition Forces (Non- U.S.)

Facilities Protection Service

Last Forces Withdraw

| Total Forces Protecting Iraq |
| 660,334 |

Ministry of Interior, Assigned	
292,711	Iraqi Police
43,809	Iraqi Federal Police
42,442	Border Enforcement
29,500	Oil Police

Ministry of Defense, Assigned	
195,507	Iraqi Army
45,540	Training and Support
3,458	Air Force
2,716	Navy
4,651	Special Forces

| U.S. Forces, On Duty |
| 110,000 |

| Facilities Protection Service, On Duty |
| 90,000 |

| Private Security Contractors, On Duty |
| 25,500 |

Monthly Security Incidents and Civilian Fatalities

7,000

6,000

5,000

4,000

3,000

2,000

1,000

0

Uprisings in Baghdad, Falluja, and Najaf

Iraqi Elections

Constitutional Referendum

Parliamentary Elections

Samarra Mosque Bombing

Security Incidents, Reported by MNC-I

Security Incidents, Reported by USF-I and GOI

Provincial Elections

Iraqi Civilian Fatalities

Security Incidents, by Type

Found and Cleared Bombs 22%
Detonated Bombs 25%
Mortar, Rocket, and Surface-to-air Attacks 15%
Sniper, Ambush, and Other Small Arms Attacks 21%
Attacks against Iraqi Infrastructure and Government Organizations 15%
Unspecified

Monthly Security Force and Contractor Fatalities

350

300

250

200

150

100

50

0

Iraqi Security Forces

U.S. Military

Contractors

Coalition Military (Non-U.S.)

Contractor fatalities exceeded U.S. military fatalities for the first time in January 2009

Cumulative Fatalities

Coalition Military (Non-U.S.) 223
Contractors 1,426
U.S. Military 3,859
Iraqi Security Forces 8,015

Change Over Last Quarter

PROVINCE	INCIDENTS	PERCENT
Baghdad	500	59%
Diyala	450	188%
Anbar	296	243%
Missan	189	667%
Wassit	123	802%
All Others	757	50%
Total	2,315	84%

Annual Security Incidents per 10,000 People, by Province

■ > 20 incidents   ■ 10–20 incidents   ■ 2–10 incidents   □ 0–2 incidents

Note: Data not audited. Numbers affected by rounding. "U.S. Surge" denotes period when at least 150,000 U.S. troops were in Iraq. The MOI and MOD historical line represents trained forces; the totals represent assigned forces. Total fatalities for the ISF exclude fatalities before 1/1/2005, because of lack of data. Security incidents data from two sources are displayed: MNC-I, for 1/1/2004–5/31/2009, and USF-I for 4/1/2009–12/31/2009 (USF-I incorporates GOI reports). Data supplied by USF-I were incomplete, and SIGIR projected monthly totals for July and December 2009.

Sources: DoD, *Measuring Stability and Security in Iraq*, 2/2006–9/2009; DoL, response to SIGIR data call, 1/5/2010; Brookings Institution, *Iraq Index*, 1/7/2010, pp. 5, 6, 15, and 17; OSD, responses to SIGIR data calls, 4/2/2009, 7/1/2009, 9/30/2009, and 12/31/2009; SIGIR, *Quarterly Reports to the United States Congress*, 4/2009 and 10/2009; GOI, response to SIGIR data call, 12/21/2009.
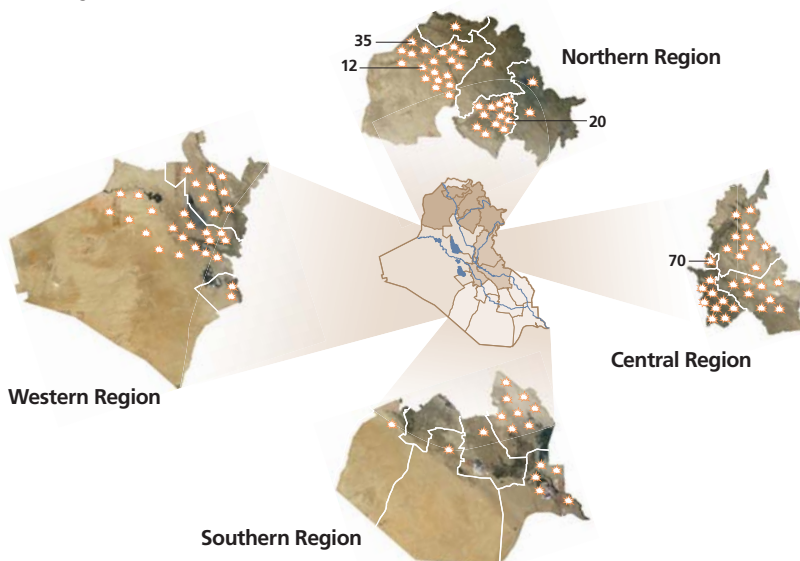
FIGURE 3.4
DEATHS ASSOCIATED WITH MULTIPLE-FATALITY BOMBINGS IN IRAQ, BY GROUP TARGETED, 1/1/2007–12/31/2009

1 person represents 100 deaths.
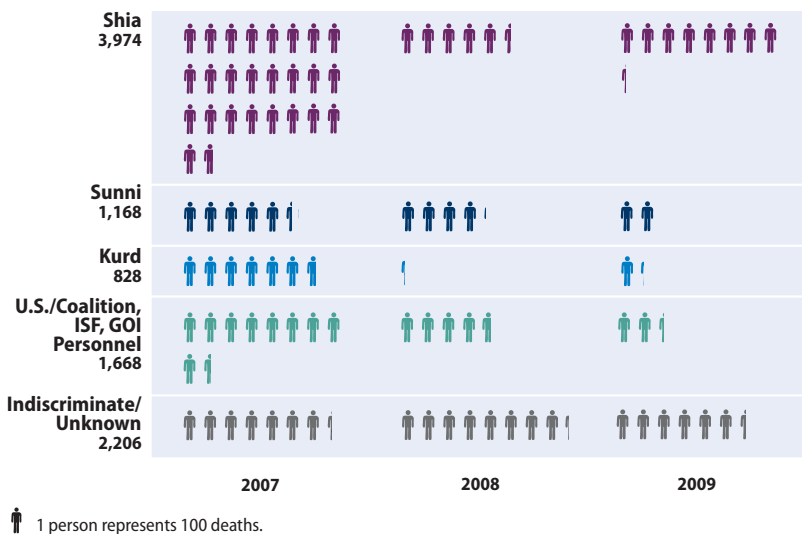
Note: Totals correspond with attacks that targeted a particular group or occurred in an area in which the group was in the majority. "Indiscriminate" bombings occurred in areas with mixed sectarian populations. "Unknown" corresponds with attacks where no sectarian information or location was reported.

Source: Brookings Institution, *Iraq Index*, 1/7/2010, pp. 9–10.

FIGURE 3.5
SIGNIFICANT SECURITY INCIDENTS BY REGION, 10/21/2009–1/13/2010
(Resulting in Two or More Deaths)

Source: SIGIR analysis of open sources as well as official English and Arabic documents, studies, maps, and satellite imagery.

the past three years, see Figure 3.4; and for recent security incidents resulting in the death of two or more people, see Figure 3.5. For more information on ongoing political and legislative issues affecting both the GOI and the Kurdistan Regional Government (KRG), including efforts to resolve differences, see the Governance subsection.

Iraqi Security Forces

As of December 2009, ISF force strength in the MOI, MOD, and Iraqi National Counter-Terrorism Force reportedly totaled 660,334 assigned personnel. The MOD has approved a force structure that calls for 14 Iraqi Army (IA) divisions; a Navy of 3,800 personnel, including two Marine battalions; and an Air Force of 6,000 personnel.[138] The MOD has also begun to develop and plan for units across a range of disciplines: engineering, bomb disposal, medical evacuation, signal, intelligence, surveillance, and reconnaissance.[139]

The MOI continues to make organizational adjustments in its forces. However, GOI budget constraints are limiting MOI expansion of security forces and delaying equipment and sustainment priorities.[140] Both the MOI and MOD had a hiring freeze throughout 2009.[141] According to DoD, the MOI has improved its training capacity, but still suffers from generally poor facilities and budget shortfalls. The MOD faces budget constraints, logistical and sustainment challenges, a recruiting shortfall, and a shortage of mid-grade leadership among officers and non-commissioned officers.[142]

The Iraq Training and Advisory Mission (ITAM) has set a priority for developing minimal essential capabilities within the Iraqi security ministries by December 31, 2011, and emphasizing like capabilities in the MOI and MOD to enhance coordination and information sharing. ITAM notes that the ISF must still overcome significant challenges to developing self-sustaining capacity in its combined forces:[143]

- a constrained budgetary environment
- limited combat specialization and sustainment/logistics capacity
- the absence of strategic planning, budgeting, and acquisition processes

Current ITAM initiatives to address these challenges include a prioritized force-generation and modernization program, a movement to professionalization (supported by specialized ministerial and force capabilities), and a focus on police primacy and border enforcement.[144]

This quarter, SIGIR released inspections of U.S. projects funded by the ISFF to construct the Hammam Al Alil Division and Regional Training Centers, as well as the Rabeaa Point of Entry Screening Facility in Ninewa province.[145] For a summary of inspection findings and recommendations, see Section 4.

Sons and Daughters of Iraq

The United States has obligated and expended more than $392 million to support the Sons of Iraq (SOI) since the program's inception in 2007.[146] This quarter, SIGIR initiated an audit on the program to review program planning, intended goals, and results, including:

- management, oversight, and coordination of the SOI program with other security initiatives
- costs of the program, including controls over SOI salaries and other payments
- actions to involve and transition the GOI in the SOI program
- sustainment of the SOI by the GOI

The GOI has been responsible for financial support of the SOI since May 2009.[147] All of the approximately 89,000 SOI members in nine provinces are under the control of the GOI, which is responsible for their placement in continuing occupations (including the ISF). USF-I currently has no visibility into vocational programs offered to SOI.[148] However, U.S. forces have continued to support GOI officials in transitioning SOI to other

Former Daughters of Iraq members celebrate at a graduation ceremony marking completion of a nine-month training course at the Baghdad Police College. (USF-I photo)

employment and overcoming the challenges of what DoD describes as an inefficient pay system.[149]

DoD reports that more than 38,000 SOI members have been transitioned to non-security ministry jobs since 2008, and an additional 4,565 have joined the ISF. Targeting of SOI by AQI and various other extremist groups continues to pose a threat to SOI.[150]

The GOI has been addressing increased demand for female security personnel following more than 40 suicide attacks carried out by women in 2008—primarily in Diyala, Baghdad, and Anbar. This quarter, U.S. forces supported a four-day course that taught members of the Daughters of Iraq (DOI) basic search techniques ahead of their stationing at various locations within the community, such as bridges, government buildings, mosques, banks, and schools. In 2009, only three women carried out suicide bomb attacks.[151]

In Baghdad, 3 DOI members have transitioned into the Iraqi Police (IP), and 10 recently graduated from the Iraqi Police College. Another 32 are being paid by the GOI to continue working with the SOI. In Anbar, 49 DOI have been hired by the MOI. However, there is no plan to transition

GOI Takes Control of SOI
On October 1, 2008, the GOI began taking command of 54,000 Sons of Iraq. Regarded as one of the most important U.S. security success stories, these fighters were members of Awakening Councils that turned against al-Qaeda to support U.S. efforts in 2007.

1 year ago this quarter

the remaining DOI into permanent employment within the ISF.[152]

Foreign Military Sales

As of December 31, 2009, the Foreign Military Sales (FMS) program included 143 MOI and MOD cases in the execution phase, valued at $4.40 billion; $1.51 billion of these have been delivered.[153]

DoD reports that as of November 2009, 31 MOD cases had been fully delivered, and the MOD is collecting delivery documents from the depots to support the closeout of these cases. Another 53 cases have been partially delivered. The MOI signed $181 million in new cases for road construction to provide better access to patrol the Syrian and Iranian borders.[154] The U.S. Army Corps of Engineers (USACE) reports continuing work on its first FMS project with Iraq: the $53 million Umm Qasr pier and seawall project for the Iraqi Navy in Basrah province.[155]

Thus far, 3 MOI FMS cases have been fully delivered, and 13 cases have been partially delivered. U.S. forces continue to work with the GOI to improve the transparency of ordered deliveries, delivery documentation, and financial accountability of FMS goods and services. A U.S. logistics team recently began training Iraqis from the MOD, MOI, and Board of Supreme Audit (BSA) on FMS and other logistics processes to reinforce the importance of accountability and responsibility. But much remains to be done. As of December 2009, neither the MOD nor the MOI had established procedures or assigned agencies to perform logistics document management functions necessary to collect and distribute FMS delivery data.[156]

Any FMS projects initiated by the GOI that are not completed by June 2011 will transfer to U.S. Embassy-Baghdad's Office of Security Cooperation-Iraq for oversight.[157] In coordination with CENTCOM, that office will assume full oversight for these projects after December 2011, and DoD reports that some form of professional engineering organization must remain in Iraq to complete FMS infrastructure projects.[158]

The Rule of Law

As of December 31, 2009, the United States had allocated $1.50 billion, obligated $1.49 billion, and expended $1.27 billion to improve rule of law, including human rights, in Iraq.[159] Programs and projects include reconstructing judicial and corrections facilities, investigating crimes against humanity, improving the capacity and professionalism of law enforcement institutions, funding legal defense centers to promote fair trial practices, paying Iraqi attorneys to represent the indigent, and assigning Judge Advocate General Attorneys and specialists to review files for Coalition-held detainees, thereby reducing pre-trial detention time.

Supporting Recovery of the MOJ and HJC

The mass bombings of October 25 and December 8, 2009, posed new challenges for U.S. rule-of-law (RoL) efforts in Iraq and caused previously identified problems to resurface. U.S. Embassy-Baghdad's RoL Director noted that, despite after-action discussions with the GOI that followed bombings in August 2009, the Iraqi response to the October 25 bombings indicate that greater cooperation is required among the multiple directorates of the MOI and between the MOI and MOD.[160]

The Ministry of Justice (MOJ) building was badly damaged in the October attack, requiring relocation of 1,200 ministry personnel as well as other GOI functions located in the building, including the Higher Judicial Council (HJC). The ministry faced many other challenges as it re-established authority over operations at new locations throughout greater Baghdad. The bombing killed 21 MOJ employees, and more than 160 were severely injured, requiring medical treatment or hospitalization. Since the October 25 bombings, heightened security has slowed the engagement of U.S. government personnel and contractors with key ministry staff.[161]

DoS's Bureau of International Narcotics and Law Enforcement Affairs (INL) provided more than $300,000 to the MOJ and HJC in post-blast support

for computers, printers, office furniture, and other equipment, as well as a security assessment and loaned vehicles. USAID also provided support through a Quick Response Fund grant of $199,950 under the Iraq Rapid Assistance Program.[162]

Judicial Security

Under Minister al-Bolani, the MOI has increased its commitment to providing protection for the judiciary. In late 2008, the MOI and HJC began to develop a national judicial security plan, which calls for the MOI to establish a Judicial Protection Unit (JPU) to provide a personal security detachment (PSD) of five personnel for each of Iraq's 1,200-plus judges. Currently, the PSDs are staffed by 5,000 HJC security personnel working side by side with MOI police.[163]

Additionally, USF-I is coordinating with INL and the U.S. Department of Justice (DoJ) to support the MOI in delivering two separate PSD training courses. The course at Camp Dublin focuses on training MOI police officers, and the course at the Baghdad Police College trains smaller groups of HJC guards. INL continues its capacity-building project within the judiciary's security force by developing with HJC a four-week Facilities Protection Service (FPS) basic-officer training course.[164]

Forming the JPU has been a slow process, and Chief Justice Medhat al-Mahmoud has noted the difficulties inherent in having security personnel receiving orders from two different agencies. To address these problems, the MOI recently announced several reforms that it has yet to implement:[165]
- HJC officers participating in the program will be transferred to the MOI.
- PSDs will eventually be staffed completely by MOI police officers.
- Judges may select the police officers assigned to their PSDs.

Court Docket Backlog

U.S. officials report that Iraq's civil and other cases outside the criminal system appear to be adjudicated under a relatively normal timeline. But the criminal justice docket continues to be mired with military security-detainee cases. At some large detention facilities, such as the one located at Rusafa, the U.S. government has funded legal defense centers similar to U.S. public-defender programs. Salaried Iraqi defense attorneys employed at such centers are made available to defendants who otherwise would be forced to rely on the traditional court-appointed counsel system, which is generally regarded as ineffectual. While affording a better level of representation to these defendants, these U.S.-funded Iraqi attorneys also help relieve the case backlog.[166]

Of greater effect, however, is the major GOI effort throughout 2009 to provide acceptable evidence to the courts for the thousands of individuals detained during security operations. Until January 1, 2009, under authority of UN Security Council resolutions, Coalition forces detained large numbers of individuals believed to present security threats. In many cases, neither the information that served as the basis for the detention nor information obtained at the time the person was detained could be released because of security concerns. The consequent lack of a proper "evidentiary" file acceptable to an Iraqi investigative judge effectively stalled these cases.[167]

Throughout 2009, the U.S. military devoted substantial resources, including Judge Advocate General attorneys and specialists from other disciplines, to review the files for every Coalition-held detainee and assemble releasable information that can be provided to the Iraqi court system for consideration by judges. This effort not only allows cases to proceed on the basis of available evidence, but enhances the potential for a just determination in these cases.[168]

In addition, INL has been working since 2005 with the HJC to support the development of a case tracking system as part of the Iraq Justice Integration Project. This system provides the evolution of a case management system and shares a framework for data transfer with the MOJ and MOI. In 2009,

> **2 years ago this quarter**
>
> **December 26, 2007: Amnesty Law Frees Thousands**
>
> Iraq's government approved a draft law that enabled the release of thousands of suspected insurgents held captive by U.S. and Iraqi forces.

TABLE 3.3
ONGOING INL-ADMINISTERED PRISON CONSTRUCTION, AS OF 12/31/2009

NAME OF PROJECT	LOCATION	COST ($ MILLIONS)	% COMPLETE (AS OF 12/31/2009)	EST. DATE OF COMPLETION	EST. CAPACITY	STATUS
Basrah Central	Basrah	10.34	81%	3/2010	1,200	The contractor's design submittal encountered delays and the MOJ requested additional work beyond the original scope.
Fort Suse: Phase I	Sulaymaniyah	6.16	100%	12/2009	2,189	The contractor is currently working on finalizing the punch list. USACE is preparing the Letter of Acceptance for GOI's signature.
Fort Suse: Phase III	Sulaymaniyah	12.57	83%	1/2010	2,689	Contractor has encountered delays by USACE for poor design submittals.
Nassriya: Phase II	Thi-Qar	8.79	99%	3/2010	400	GRC advised INL that the contractor submitted two equitable adjustments, which GRC has approved.

Source: U.S. Embassy-Baghdad, INL, response to SIGIR data call, 1/7/2010.

the HJC rolled out several pilot sites in Baghdad with INL support, and five additional sites are expected in early 2010. The system will mitigate the docket backlog caused by the rapid increase in detention cases by allowing for better information and resource management.[169]

The United States has been working with the GOI to release approximately 750 detainees each month and to transfer another 250 to the GOI for processing. USF-I continues to assess detainee release lists provided by U.S. forces to the GOI Security Committee (at least 45 days before the scheduled release). In addition, USF-I continues to identify former detainees who have been re-captured after their release. The Security Committee reviews the list to identify any detainees who are also wanted by the GOI. Those facing charges by the GOI are taken off of the U.S. release list and queued for transfer to the GOI.[170]

As of November 2009, the GOI had reviewed 11,119 detainee summary cases, providing arrest warrants for 1,545 and approving the rest for release. Since February 1, 2009, U.S. forces have released more than 4,600 detainees and transferred another 877 to the GOI pursuant to warrants. Less than 7,000 detainees remain in U.S. custody.[171]

Corrections

The U.S.-funded International Criminal Investigative Training Assistance Program (ICITAP) continues to train, advise, and mentor officials of the Iraqi Correctional Service (ICS) to develop the capacity of senior management. INL reported that ICITAP continues to assist in operations at the U.S.-funded Chamchamal Correctional Facility, which opened last quarter, and with the activation of the nearly completed prison-expansion project at Fort Suse.[172]

ICITAP continues to work with USF-I to transition U.S. detention facilities to the GOI. INL reported that Camp Cropper is scheduled for transfer by September 2010, and the Taji Theatre Internment Facility Reintegration Center, for March 2010. The transition of a new DoD-funded Correctional Training Center (CTC) at Forward Operating Base Future occurred on schedule, in December 2009, and ICITAP reports that it continues to provide assistance to the ICS staff assigned there.[173]

For an update on U.S. prison projects, see Table 3.3.

RoL Initiatives in the Provinces

Implementation of the rule of law in Anbar improved this quarter, due in part to the opening of the Anbar Criminal Court complex and the installation of two criminal court panels, which have allowed judges to increase their case load. A new jail was made available at Hurricane Point in Anbar this quarter to address overcrowding in area detention facilities, but the provincial police

chief has yet to begin housing prisoners there. U.S. Embassy-Baghdad received reports of detainee abuse and at least one death of an inmate under Iraqi custody this quarter.[174]

PRT Baghdad reported that the rule of law has improved slightly in the province as the Iraqi police force made progress in securing the Muhalla neighborhood. However, the PRT reported a growing concern among civilians that corruption in the police forces was on the rise, and the Iraqi media continued to question the capability of police to protect the population. The MOI moved to exercise more control over the Iraqi Police, leading to a reduction in influence by the militias.[175]

In Thi-Qar province, the PRT reported increased citizen trust in the police, noting that a new initiative to remove unqualified personnel has begun. By contrast, PRT Diyala reported that "judicial and law enforcement dysfunction" continue. The PRT described the absence of judicial assassinations as encouraging, but said there had been no improvement in addressing the endemic problems of providing adequate personal security for judges. Moreover, it characterized the police as sectarian and ineffective, and the jails as severely overcrowded. Prosecutors, defense lawyers, and judges were still threatened, intimidated, and attacked.[176]

PRT Wassit reported that instances of corruption among police had diminished; however, this may be due to a lack of reporting. The PRT also noted that judges appeared increasingly sensitive to basic needs of prisoners for food, medicine, and sleeping quarters.[177] For the locations of U.S.-provided RoL assistance, see Figure 3.6.

UN and Other Observations on Human Rights

The 2008 establishment of Iraq's Independent High Commission for Human Rights (IHCHR) was at the time considered a "milestone" that would further the GOI's efforts to address its human rights problems.[178] Notwithstanding

FIGURE 3.6
RULE OF LAW ASSISTANCE TO GOI'S JUDICIAL SYSTEM

● PRT Rule of Law Advisor
▢ New or Upgraded Courthouse
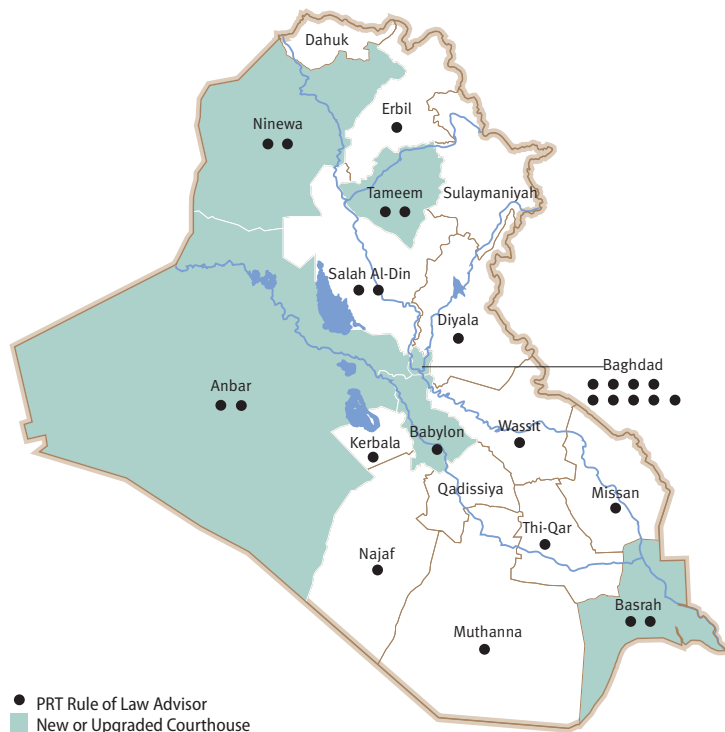
Source: U.S. Embassy-Baghdad, RoL, response to SIGIR data call, 1/18/2010.

these efforts and contrary to the United Nations Universal Declaration of Human Rights (UDHR), however, these more recent reports covering Iraq indicate that universally recognized rights are not protected:

- *Human Rights Report* issued by the UN Assistance Mission for Iraq (UNAMI) and the UN Office of the High Commissioner for Human Rights (OHCHR), December 14, 2009
- *2008 Country Report on Human Rights Practices: Iraq*, issued by DoS, February 25, 2009
- *International Religious Freedom Report 2009*, issued by DoS, October 26, 2009

Table 3.4 reviews selected rights according to the UDHR, along with the latest observations and ongoing developments. ◆

TABLE 3.4

HUMAN RIGHTS OBLIGATIONS PURSUANT TO THE UN UNIVERSAL DECLARATION OF HUMAN RIGHTS

UDHR RIGHT	HUMAN RIGHTS OBSERVATIONS	ONGOING DEVELOPMENTS
Freedom from arbitrary or unlawful deprivation of life	UNAMI reports that security forces, high-ranking officials and civil servants, religious and political leaders, and professionals, such as journalists, educators, medical doctors, judges, and lawyers, continued to be the targets of attacks and killings. Despite lack of due process and reportedly unfair trial procedures, according to the HJC, between January 1 and May 31, Iraqi courts (except for those in the KRG) passed 324 death sentences, 60% of which were for crimes under the Anti-Terrorism Law.	UNAMI and OHCHR have urged the GOI to declare a moratorium on all executions, at least until the international standards for a fair trial are respected. INL reports that in late 2008, the MOI and HJC began to develop a national judicial security plan, which calls for the MOI to establish a Judicial Protection Unit (JPU) to provide a five-person personal security detachment (PSD) to each of Iraq's approximately 1,300 judges. Currently, the PSDs are staffed by 5,000 security personnel.
Freedom from torture and other cruel, inhuman, or degrading treatment or punishment	The UNAMI report notes the "use of torture or physical abuse against detainees to extract confessions" and reports of physical abuse by Iraqi security forces of persons in detentions facilities.	DoS reports that GOI Minister of Human Rights, the Parliament's Committee on Human Rights, and the ICRC have positive assessments of Cropper and Taji (USF-I prisons).
Freedom from arbitrary arrest or detention	UNAMI reports of lengthy detention without charge or trial at both GOI- and U.S.-run detention facilities.	DoS reports that the GOI has been working throughout 2009 to provide a proper evidentiary file to the courts so that cases will be able to move through the courts. In November, the CCC-I assigned five judges to hear Coalition cases to ease the backlog.
Fair public trial	UNAMI reports that the Iraqi criminal justice system does not provide sufficient fair trial guarantees. Suspects lack access to judicial review or legal counsel, convictions are based on confessions often gathered under duress or torture, and the right not to be compelled to testify against oneself or to confess guilt is often violated.	U.S. RoL programs have funded legal defense centers and have provided Iraqi attorneys to indigents.
Freedom of speech and press	UNAMI received reports of intimidation and harassment of media professionals. Journalists and media workers reported to be continuously subjected to ill-treatment and arbitrary detention by MoD personnel and officials' body guards. UNAMI reports that journalists have received prison sentences in the KRG for criticizing state institutions.	UNAMI welcomed measures taken by the Minister of Interior against 20 employees who assaulted journalists and media workers.
Freedom of religion	According to DoS's most recent *International Religious Freedom Report 2009*, the GOI has not generally persecuted any religious group, and has called for tolerance and acceptance of all religious minorities since 2003. Nevertheless, Christians and Yazidis living north of Mosul claimed that the KRG confiscated their property without compensation, and Assyrian Christians alleged that the KDP-led judiciary in Ninewa discriminated against non-Muslims. Further, the UNAMI report states that Christians continued to be targeted in Mosul, Kirkuk, and Baghdad. DoS reports that though sectarian violence decreased during the reporting period, many individuals from various groups were targeted due to religious identity or secular leanings, with the Shia constituting the majority of mass casualties.	DoS reports that senior U.S. administration and Embassy officials have called for unity in the face of sectarian violence and pressed for greater inclusion of minorities in the political process. On November 10, 2009, Human Rights Watch appealed to the GOI to protect minority rights and to investigate individuals, including Kurdish security forces, alleged to be responsible for the displacement and killings of Assyrian Christians and other minority groups.
Freedom of movement and protection of internally displaced persons, refugees, and stateless persons	According to UNHCR, serious human rights violations and continuing security incidents throughout Iraq, predominantly in the central provinces, require international protection for Iraqis seeking asylum.	This quarter, the UN Security Council reports that GOI officials again called for the closure of Camp Ashraf, while also assuring UNAMI of its commitment to treat residents in accordance with international humanitarian law and the principle of *non-refoulement*. On December 11, 2009, UNHCR called on states to refrain from forcibly returning asylum seekers to Baghdad, Kirkuk, and other violence-prone areas until there is a substantial improvement in the security and human rights situation. UNAMI is monitoring Camp Ashraf to prevent the GOI from forcibly returning the Camp's Iranian residents. Returning them could violate humanitarian law and the principle of *non-refoulement*.

Sources: UNAMI, "UN Report Highlights Improvement beside Renewed Concerns on the Situation of Human Rights in Iraq," 12/14/2009, www.uniraq.org/newsroom/getarticle. asp?ArticleID=1206, accessed 1/7/2010; UNAMI, *Human Rights Report*, 12/14/2009, pp. 17–22; U.S. Embassy-Baghdad, INL, response to SIGIR data call, 1/12/2010; U.S. Embassy-Baghdad, RoL, response to SIGIR data call, 1/4/2010; DoS, *International Religious Freedom Report 2009*, 10/26/2009, www.state.gov/g/drl/rls/irf/2009/127348.htm, accessed 12/22/2009; Human Rights Watch, "On Vulnerable Ground: Violence Against Minority Communities in Nineveh's Disputed Territories," 11/10/2009, www.hrw.org/en/reports/2009/11/10/vulnerable-ground-0, accessed 1/4/2010, p. 10; UN Security Council, "Report of the Secretary-General pursuant to Paragraph 6 of Resolution 1883 (2009)," 11/11/2009; UNHCR, "UNHCR Reiterates Concern About Involuntary Returns to Iraq Amid Violence," 12/11/2009, www.unhcr.org/4b222efe9.html, accessed 12/21/2009; UNAMI, "Asylum Seekers Must Not Be Forcibly Returned to Central Iraq," 12/11/2009, www.unhcr.org/4b222efe9.html, accessed 1/5/2010.

INFRASTRUCTURE

As of December 31, 2009, the United States had allocated $12.38 billion, obligated $11.90 billion, and expended $11.48 billion from the four major funds to rehabilitate Iraq's infrastructure, including projects in the oil and gas, electricity, water and sanitation, and transportation and communications sectors.[179] Obligations and expenditures for infrastructure projects have declined significantly since the beginning of FY 2007. This quarter, they accounted for just 1% of total new obligations and expenditures. As of December 31, 2009, $414 million in unexpended obligations remained.[180] For the status of U.S. funding for infrastructure, see Figure 3.7 and Table 3.5.

All new reported obligations came from the ESF. Most were in the Infrastructure Security Program and focused on the oil sector.[181] Expenditures were more balanced among funds. The CERP accounted for 60% of new expenditures this quarter, which were concentrated in Electricity and Water and Sanitation sectors. ESF-funded programs accounted for 26% of new expenditures, again focused in the Infrastructure Security Program for the oil sector.[182]

Most large-scale infrastructure projects funded by U.S. appropriations or the DFI have been managed by the U.S. Army Corps of Engineers (USACE). To date, USACE has completed 2,056 infrastructure projects; 87 projects are ongoing. USACE has no ongoing U.S.-funded construction projects in the oil and gas sector, but it is still completing large projects in the electricity, water, and transportation and communications sectors.[183]

Notwithstanding the progress made to increase energy supplies, improve access to potable water, and rehabilitate Iraq's telecommunications and transportation infrastructure, the provision of essential services remains a top concern among Iraqi officials. In a meeting this quarter with SIGIR, Minister of Justice Nur al-Din stressed the importance of reliable electric power, paved roads, and clean water. Failure to provide these services, he emphasized, could lead to civil unrest.[184]
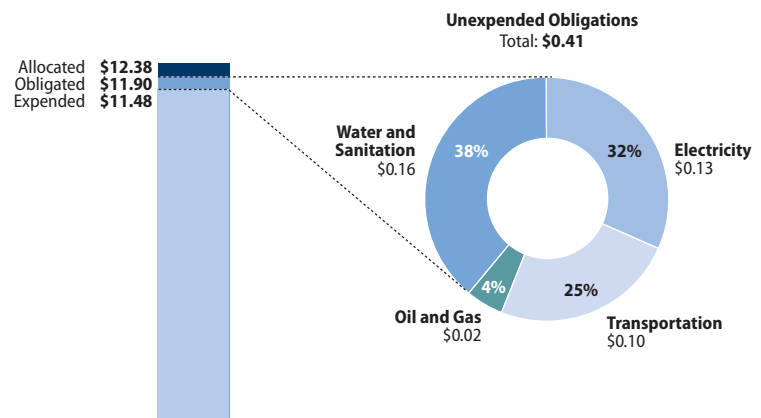
Energy

Almost 60% of U.S. expenditures for infrastructure reconstruction have been directed toward increasing the production and availability of energy supplies—both to meet domestic energy needs and to provide revenue for the GOI.[185] Despite its vast reserves of crude oil and natural gas, as well as increased output from refineries and power plants over the past two years, Iraq continues to import petroleum products and electricity. In 2009, the GOI initiated ambitious plans to increase crude oil and electricity production well beyond what has already been accomplished.

Revenues were dedicated to wars and weapons in the late-regime period, but today, they will be dedicated for peace, love, and services to Iraqis who are the real owners of this fortune, which is vital to revive other sectors.[186]

—Prime Minister Nouri al-Maliki, at the second oil bidding round, December 2009

FIGURE 3.7

INFRASTRUCTURE: STATUS OF FUNDS
$ Billions

Allocated **$12.38**
Obligated **$11.90**
Expended **$11.48**

Unexpended Obligations
Total: **$0.41**

Water and Sanitation $0.16 — 38%
Electricity $0.13 — 32%
Transportation $0.10 — 25%
Oil and Gas $0.02 — 4%

Note: Data not audited. Numbers affected by rounding. OSD does not report CERP allocation, obligation, and expenditure data for project categories on a quarterly basis for all fiscal year appropriations; SIGIR pulls CERP allocation, obligation, and expenditure data from the IRMS, which lags in reporting by one quarter. Therefore, totals may not match top-line values found in the Funding Sources subsection of this Report.

Sources: IRMS, *MNC-I Quarterly Report*, 1/15/2010; OSD, response to SIGIR data call, 4/10/2009; NEA-I, response to SIGIR data call, 1/6/2010; USACE, response to SIGIR data call, 1/2/2010; USAID, response to SIGIR data call, 4/13/2009.

TABLE 3.5

INFRASTRUCTURE: STATUS OF FUNDS, BY SECTOR, WITH SELECTED PROGRAMS
$ Millions

INFRASTRUCTURE SECTOR	STATUS OF FUNDS		QUARTERLY CHANGE	
	OBLIGATED	EXPENDED	OBLIGATED	EXPENDED
Electricity	4,996.45	4,863.66	0.4 (0%)	3.5 (0%)
General Infrastructure	1,238.54	1,236.30	0.1 (0%)	-
Oil and Gas	1,927.65	1,912.23	2.7 (0%)	1.8 (0%)
Transportation and Communications	1,098.06	993.52	0.8 (0%)	1.0 (0%)
Water and Sanitation	2,637.96	2,478.77	1.0 (0%)	5.4 (0%)
Total	**11,898.66**	**11,484.49**	**5.0 (0%)**	**11.8 (0%)**

Note: Data not audited. Numbers affected by rounding. The status and quarterly change for programs in the "Other" categories may be found in Appendix C. OSD does not report CERP allocation, obligation, and expenditure data for project categories on a quarterly basis for all fiscal year appropriations. SIGIR pulls CERP allocation, obligation, and expenditure data from the IRMS, which lags in reporting by one quarter. Therefore, totals may not match top-line values found in the Funding Sources subsection of this Report.

Sources: IRMS, *MNC-I Quarterly Report*, 1/15/2010; NEA-I, response to SIGIR data call, 1/6/2010; OSD, response to SIGIR data call, 4/10/2009; USACE, response to SIGIR data call, 1/2/2010; USAID, response to SIGIR data call, 4/13/2009; SIGIR, *Quarterly Report to the United States Congress*, 10/2009.

FIGURE 3.8

CRUDE OIL PRODUCTION AND EXPORTS, BY MONTH, 6/2003–12/2009
Million Barrels per Day
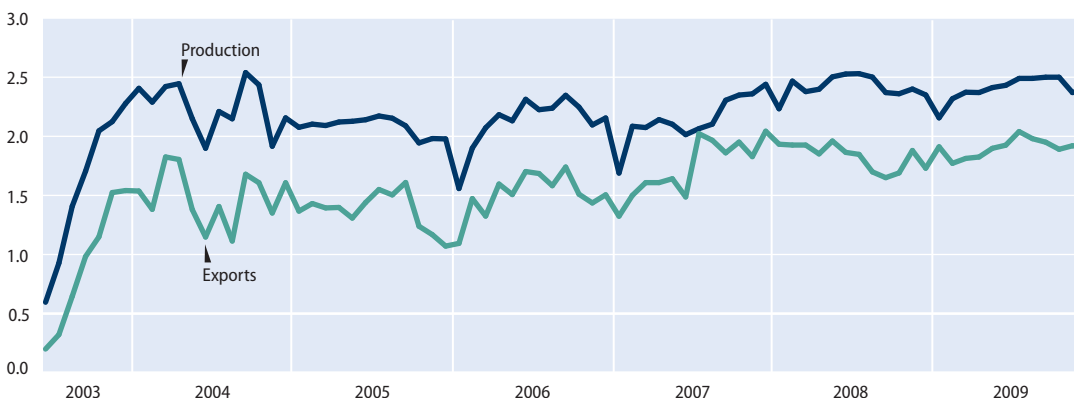
Note: Numbers affected by rounding.

Sources: ITAO, *Monthly Import, Production, and Export Spreadsheet*, 1/2008; U.S. Embassy-Baghdad, response to SIGIR data call, 10/2/2008; DoS, *Iraq Status Reports*, 5/27/2009, slide 8, and 1/13/2010, slide 11; NEA-I, response to SIGIR data call, 7/2/2009.

Oil and Gas

As of December 31, 2009, the United States had allocated $2.06 billion, obligated $1.93 billion, and expended $1.91 billion from the four major funds to rehabilitate Iraq's oil and gas infrastructure.[187]

Crude Oil Production and Exports

Iraq's crude oil production averaged 2.42 million barrels per day (MBPD) this quarter, down almost 3% from last quarter's 2.49 MBPD. Exports of crude oil averaged 1.91 MBPD, down 4% from 1.99 MPBD last quarter.[188] After generally upward trends from the beginning of 2006 to the end of 2007, production and exports remained relatively flat over the past two years, probably reflecting the limitations of Iraq's aging oil infrastructure. For crude oil production and export levels since 2003, see Figure 3.8.

Of the crude oil retained for domestic use, about 0.45 MBPD went to refineries for processing into petroleum products.[189] Another 56,000 barrels per day were burned in electric power plants.[190]

Bidding for Service Contracts

On December 11 and 12, 2009, the Ministry of Oil held its second petroleum licensing round, in which bids for service contracts for 10 large oil fields were solicited. The event concluded with bids for seven fields being received and tentatively accepted by the ministry.[191]

In contrast, the first bidding round, held in June 2009, resulted in only one bid being accepted—an offer for the supergiant Rumaila oil field. Between the first and second rounds, the ministry reportedly accepted two additional bids—for the West Qurna 1 field, by ExxonMobil

and Royal Dutch Shell, and for the Zubair field, by a consortium of Eni, Kogas, and Occidental Petroleum.[192] The Rumaila deal, with a consortium of British Petroleum and China National Petroleum Company, has advanced the farthest, having been approved by the Council of Ministers in early November.[193]

Figure 3.9 shows the fields offered at the two auctions, and Table 3.6 shows the outcome of the bid solicitation and award processes. According to the Ministry of Oil, if the plateau production targets are achieved, the latest service contracts potentially could raise daily levels of production by an additional 4.7 MBPD[194]—on top of the 4.9 MBPD production increases that could result from the first round. With current daily crude production approaching 2.5 MBPD, such a substantial increase in capacity in the next 10 to 15 years would elevate

TABLE 3.6
RESULTS OF OIL BIDDING ROUNDS

Oil Field	Bidding Consortium[a]	Proved Reserves (Billion Barrels)	Current Production (Barrels/Day)	Remuneration Fee ($/Barrel)	Plateau Production Commitment (Barrels/Day)	Production Plateau Period (Years)	Signature Bonus[b] ($ Millions)
Project Round 1							
Rumaila	BP (51%), CNPC (49%)	17.8	1,000,000	2.00	2,850,000	7	500
West Qurna 1	ExxonMobil (80%), Shell (20%)	8.6	270,000	1.90	2,325,000	7	400
Zubair	Eni (44%), Oxy (31%), Kogas (25%)	4	205,000	2.00	1,200,000	7	300
Project Round 2							
Majnoon	Shell (60%), Petronas (40%)	12.6	55,000	1.39	1,800,000	10	150
Halfaya	CNPC (50%), Petronas (25%), Total (25%)	4.1	3,000	1.40	535,000	13	150
Qaiyarah	Sonangol (100%)	0.8	2,000	5.00	120,000	9	100
West Qurna 2	Lukoil (75%), Statoil (25%)	12.9	0	1.15	1,800,000	13	150
Badra	Gazprom (40%), Kogas (30%), Petronas (20%), TPAO (10%)	0.1	0	5.50	170,000	7	100
Garraf	Petronas (60%), Japex (40%)	0.9	0	1.49	230,000	13	100
Najma	Sonangol (100%)	0.9	0	6.00	110,000	9	100
Total		**62.7**	**1,535,000**		**11,140,000**		**2,050**

Note: Numbers affected by rounding.
[a] Key to acronyms and national affiliation: BP = Royal British Petroleum (United Kingdom), CNPC = China National Petroleum Corporation (China), ExxonMobil (United States), Shell= Royal Dutch Shell (United Kingdom), Eni (Italy), Oxy = Occidental Petroleum (United States), Kogas = Korea Gas Corporation (Korea), Petronas (Malaysia), Total (France), Sonangol (Angola), Lukoil (Russia), Statoil (Norway), Gazprom (Russia), TPAO = Turkish Petroleum Corporation (Turkey), Japex = Japan Petroleum Exploration Company (Japan).
[b] A signature bonus is a non-recoverable sum of money that the winning bidder agrees to pay to the GOI upon award of the contract.

Sources: MEES, *Weekly Report*, Vol. 52 No. 51/52, p.6; GOI, Ministry of Oil press releases, www.pcld-iraq.com/index.php?p=bid_results, accessed 1/4/2010. Estimates of reserves from DoE, Energy Information Administration, www.eia.doe.gov/emeu/cabs/Iraq/Oil.html, accessed 1/4/2010; U.S. Embassy-Baghdad, response to SIGIR data call, 1/22/2010.

Iraq's position as a global oil exporter and could significantly increase the GOI's revenues.

Although substantial production increases are possible, industry observers believe that the obstacles of providing adequate security, enhancing infrastructure, and navigating political uncertainty could inhibit rapid gains in output.[195] Echoing

these concerns, Oil Minister al-Shahristani said that "managing these new contracts, increasing production four-five times, is not a simple task."[196] Moreover, he said that increasing production would require more than field development and would include a wide range of work, such as the development of pipelines and export terminals, the building of

FIGURE 3.9

LOCATIONS OF IRAQ'S OIL FIELDS IN FIRST AND SECOND BIDDING ROUNDS

Note: These second-round fields or projects received no bids: East Baghdad (north and central); Middle Furat (Kifl, West Kifl, Merjan); and Eastern Fields (Gilabat, Khashem Al-Ahmar, Nau Doman, Qumar).

Source: GOI, Ministry of Oil, www.pcld-iraq.com/, accessed 1/4/2010.

FIGURE 3.10

REFINED FUEL PRODUCTION AND IMPORTS, BY MONTH, 2006–2009

LPG
Metric Tons per Day

Diesel Fuel
Million Liters per Day

Kerosene
Million Liters per Day

Gasoline
Million Liters per Day
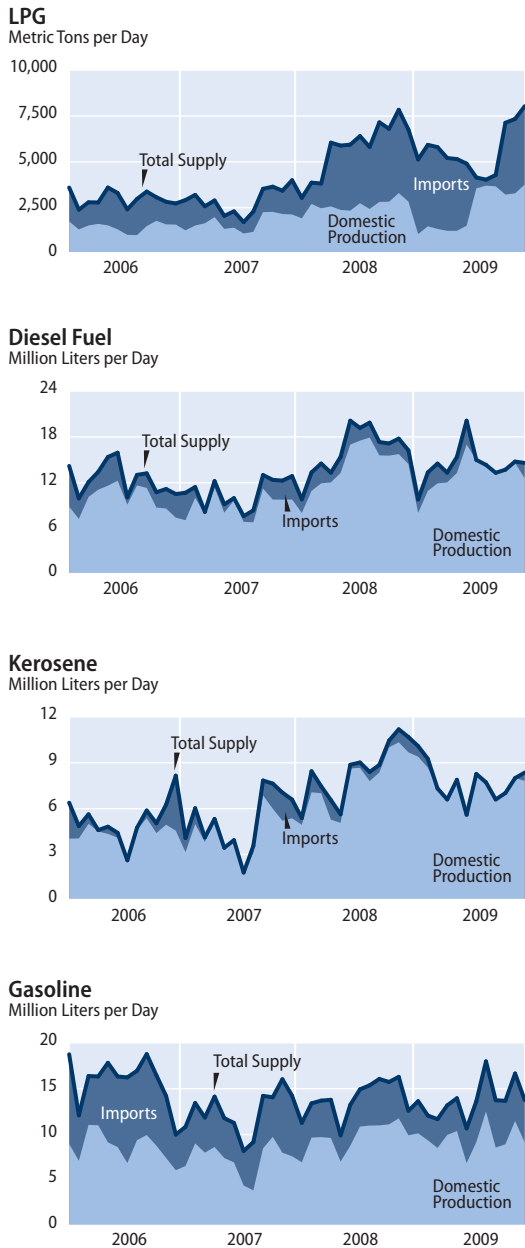
Sources: NEA-I, responses to SIGIR data calls, 1/5/2009, 7/2/2009, and 1/5/2010.

roads and bridges, and the training of thousands of Iraqis to operate and maintain the sector.[197]

Pipeline Security

This quarter, three breaks occurred on the pipeline that carries Iraqi crude oil to the port of Ceyhan, on Turkey's Mediterranean coast, halting the northern flow of oil for export for a total of about 11 days. In all, at least 4.5 million barrels of oil were delayed for export shipment, and 245,000 or more barrels were lost. The cause of the first break, on October 6, is unknown. The second break apparently was caused by an IED, which disrupted the flow of oil for six days at the end of October. The last break, on November 22, may have resulted from too much pressure in the pipeline; it was repaired after four days. None of these breaks occurred in sections protected by a Pipeline Exclusion Zone.[198]

Refineries and Petroleum Products

This quarter, Iraq produced 46% of its total supply of liquefied petroleum gas (LPG), 67% of its gasoline, 95% of its diesel fuel, and 98% of its kerosene. The mix of fuels produced at refineries typically varies based on seasonal needs, but output from Iraq's refineries during 2008 and 2009 was significantly higher than it was in the preceding two years, ranging from a 20% increase in gasoline production to a 74% increase in kerosene production. Compared with 2006–2007, average daily imports of LPG more than doubled during the past two years, while imports of diesel, kerosene, and gasoline all declined. As shown in Figure 3.10, the net effect was a slight (2.5%) decrease in the average supply of gasoline, and increased supplies of the other three fuels: diesel supply increased 32%; kerosene, 55%; and LPG, 94%.[199]

Electricity

As of December 31, 2009, the United States had allocated $5.16 billion, obligated $5.00 billion, and expended $4.86 billion to help improve Iraq's

generation, transmission, and distribution of electricity.[200] Table 3.7 provides a breakdown of U.S.-funded projects by project type.

Electricity Supply

Electricity supply to the national grid this quarter averaged about 5,952 megawatts (MW), or 142,848 megawatt-hours (MWh) per day, a 19% increase from the same quarter in 2008. However, this was an almost 500 MW decrease from the previous quarter's average, ending the steadily upward growth in supply that had been occurring since the beginning of 2008.[201]

While average electricity supply decreased by 8% from the previous quarter, estimated demand dropped by more than that.[202] Demand for electricity fluctuates with the seasons, typically peaking in the July-September period and then decreasing in the last quarter of the year.[203] Thus, supply as a percentage of estimated demand actually increased slightly this quarter.

Reduced output from Iraq's power plants accounted for virtually all of the decrease in supply, falling from 138,475 MWh per day in the previous quarter to 126,843 MWh per day this quarter.[204] Planned maintenance outages at several thermal plants, the forced shutdown of a large generating unit at the Mussayib thermal plant because of severe boiler leaks, and inadequate supplies of fuel oil all contributed to this drop in production.[205]

This quarter, Iraq's power plants collectively operated at 34% of their nameplate capacity and 44% of their feasible capacity. As shown in Figure 3.11, combustion turbine plants were the most productive, operating with the greatest output relative to their capacity (47% of nameplate capacity and 59% of feasible capacity) and accounting for 60% of total

TABLE 3.7

VALUE OF U.S. ELECTRICITY PROJECTS, BY PROJECT TYPE
$ Millions

| PROJECT CATEGORY	COMPLETED	ONGOING	NOT STARTED	TOTAL
Generation	1,975.78	22.01	9.51	2,007.29
Distribution	1,235.64	5.99	25.41	1,267.04
Transmission	920.97	105.93	69.82	1,096.71
Sustainment and Spare Parts	300.87	2.84	0.70	304.41
General Infrastructure	278.59	11.37	11.34	301.30
Monitoring and Control	131.13	0.31	11.59	143.02
Other	26.31	4.51	3.68	34.50
Total	**4,869.28**	**152.96**	**132.05**	**5,154.28**

Note: Numbers affected by rounding. This list of reconstruction projects is based on IRMS data, which is not fully accurate or complete. Project totals therefore do not reconcile with top-line obligations and expenditures provided by the agencies.

Source: IRMS, *Global Benchmark*, 1/4/2010.

FIGURE 3.11

POWER PLANT CAPACITY AND PRODUCTION, BY PLANT TYPE
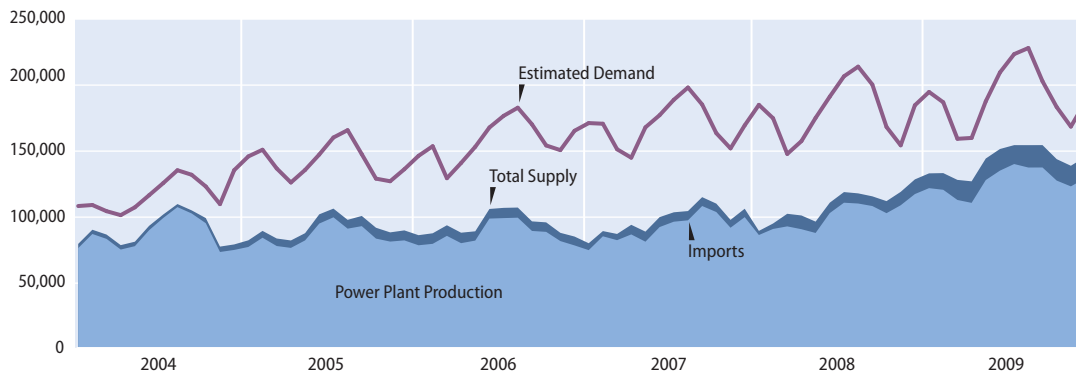10/1/2009–12/31/2009 Averages
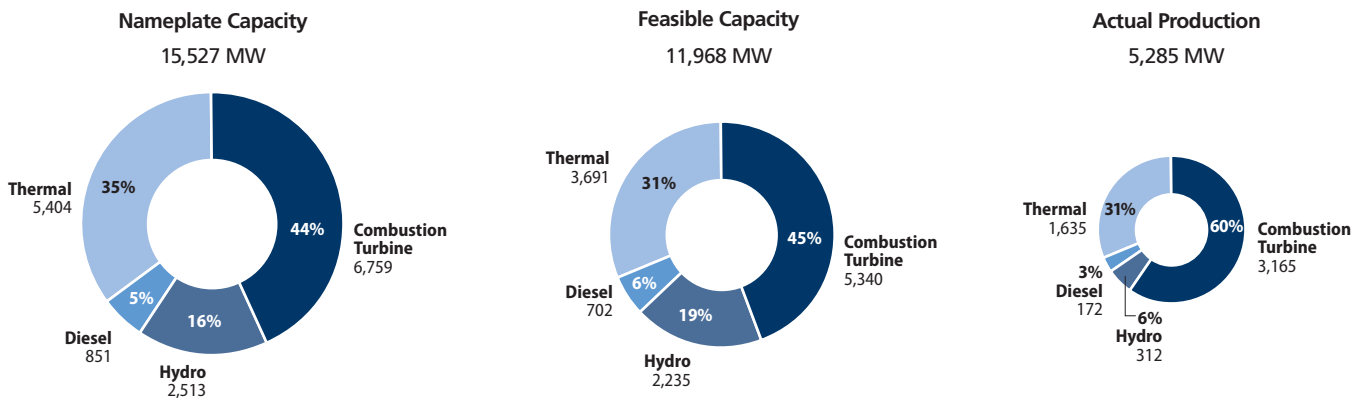
Note: Numbers affected by rounding.

Source: ITAO/ESD, *Electric Daily Performance Reports*, 10/1/2009–12/31/2009.

FIGURE 3.12

AVERAGE IRAQI ELECTRICITY SUPPLY AND ESTIMATED DEMAND, BY MONTH, 1/2004–12/2009
MWh per Day

Sources: ITAO/ESD, *Electric Daily Performance Reports*, 6/1/2006–12/31/2009; DoS, *Iraq Status Reports*, 10/25/2006, slide 11, and 5/9/2007, slide 11.

power plant production. By comparison, output from hydroelectric plants continued to be depressed by the shortage of water in Iraq.[206]

Of the total supply to the grid, electricity imports from Iran and Turkey averaged about 16,000 MWh per day, virtually the same as import levels in the previous quarter.[207]

For domestic production and imports, relative to estimated demand, since January 2004, see Figure 3.12. For a comparison of Iraq's per capita

TABLE 3.8

ELECTRICITY SUPPLY IN SELECTED COUNTRIES, PER 100,000 PEOPLE

COUNTRY	MWh/DAY
Kuwait	4,094
UAE	4,085
United States	3,454
Saudi Arabia	1,577
Iran	634
Turkey	548
Jordan	449
Iraq	**377**
Syria	371
Pakistan	112
Afghanistan	10

Source: CIA, *The World Factbook*, www.cia.gov, accessed 12/10/2009 and 1/16/2010.

electricity supply with that of other countries, see Table 3.8.

Reassessing the Supply-Demand Gap

Like some of its neighboring countries, Iraq heavily subsidizes the electricity supplied from the national grid, a practice that can encourage consumption. Unlike most of its neighbors, however, Iraq has insufficient supplies on the grid to satisfy demand.[208] Although Iraq's supply-demand gap appears to have narrowed over the past two years, the Ministry of Electricity (MOE) still must allocate—in effect, ration—the limited supplies; and Iraqis who can afford to do so purchase supplemental electricity from distributed, privately run neighborhood generators. In Central Baghdad, for example, residential customers pay 10 to 15 times more for electricity on the open market than for subsidized electricity from the MOE.[209]

According to a recent survey, just 18% of Iraqis are somewhat or very satisfied with the amount of electricity they receive.[210] Such surveys, as well as the observations made to SIGIR at various times by Iraqi officials and ITAO staff, suggest that the supply-demand gap may be wider than previously reported (and wider than shown in Figure 3.12).

To improve the precision of the demand estimates, including the contribution from "suppressed demand," ITAO in 2009 commissioned Parsons Brinckerhoff to undertake a load-forecasting study. The statistical analysis resulted in estimates of demand that were higher than what was previously reported by MOE to ITAO.[211] For example, estimates of average daily peak demand nationwide throughout 2009, as presented in the ITAO/ESD *Electric Daily Performance Reports*, averaged about 10,000 MW.[212] In comparison, the Parsons Brinckerhoff study estimated demand during the same period to have been roughly 13,100 MW[213]—about 30% higher.

Plans To Expand Generating Capacity

In an effort to close the supply-demand gap, and with substantial assistance from the United States and other countries, Iraq has increased its feasible generating capacity by 40% over the past three years—from about 8,500 MW at the end of 2006 to about 12,000 MW at the end of 2009.[214] The MOE's plans to expand capacity, primarily through the installation of new combustion turbines purchased from GE and Siemens, could more than double current feasible capacity in the next five years.[215]

Based on power-plant performance over the past few years, however, it seems unlikely that actual production will reach feasible capacity levels. Furthermore, even if the planned generating units are constructed and become operational on schedule, it is unclear if the resulting production increases would be sufficient to close the supply-demand gap.

Ongoing U.S. Projects

As of December 31, 2009, there were 137 ongoing U.S.-funded electricity projects in Iraq, with a total value of $192 million. USACE is managing 14 of those projects, which are funded by the IRRF and ESF and collectively valued at more $140 million.[216] The largest USACE project, construction of the Farabi and Jamila 132-kV substations in Sadr City, has fallen behind schedule; this $50 million project is now expected to be completed by the end of January 2010. USACE expects to complete the next two largest projects, construction of the $30 million substation in Ramadi and the $16 million rehabilitation of the substation in Falluja, in February 2010.[217]

Almost 90% of the ongoing electricity projects reported in IRMS are funded through the CERP and have an average value of about $420,000.[218] This quarter, USF-I approved six new CERP electricity projects costing between $500,000 and $1 million. Four of these projects, with values ranging from $535,000 to $745,000, are for the installation of power distribution lines in Qadissiya.[219]

Water and Sanitation

As of December 31, 2009, the United States had allocated $2.75 billion, obligated $2.64 billion, and expended $2.48 billion to rehabilitate Iraq's water and sanitation infrastructure and improve the delivery of services.[220] In addition to the large construction projects managed by USACE, numerous CERP-funded projects have provided water purification kits for potable water, drip irrigation systems, sanitation cleanup, water trucks, canal cleanup, repair of generators, water supply pipelines, and removal of illegal water taps.[221] For an overview of ongoing and completed water projects in Iraq since 2003, see Figure 3.13.

By mid-2009, according to a DoS estimate cited by USACE, more than 21.2 million Iraqis had access to potable water, up from 5.5 million in 2003.[222] As of September 2009, the Baghdad Water Authority was providing 2.5 million cubic meters of water per day, satisfying 89% of demand.[223]

According to an August 2009 survey, about 70% of Iraqis reported being able to get safe and clean drinking water at least some of the time, and 28% were satisfied with the availability of drinking

FIGURE 3.13

U.S.-FUNDED WATER PROJECTS

Value of Completed Projects and Location of Large Ongoing Projects

Shark Dijla Water Treatment Plant

Nassriya Water Treatment Plant

Meshkab Water Treatment Plant

Eastern Euphrates Drain

Ongoing Water Projects > $1 Million: ● $1 ● $20 ● $40

Value of Completed Projects ($ Millions): ☐ < 100 $100–$200 $200–$500   > $500
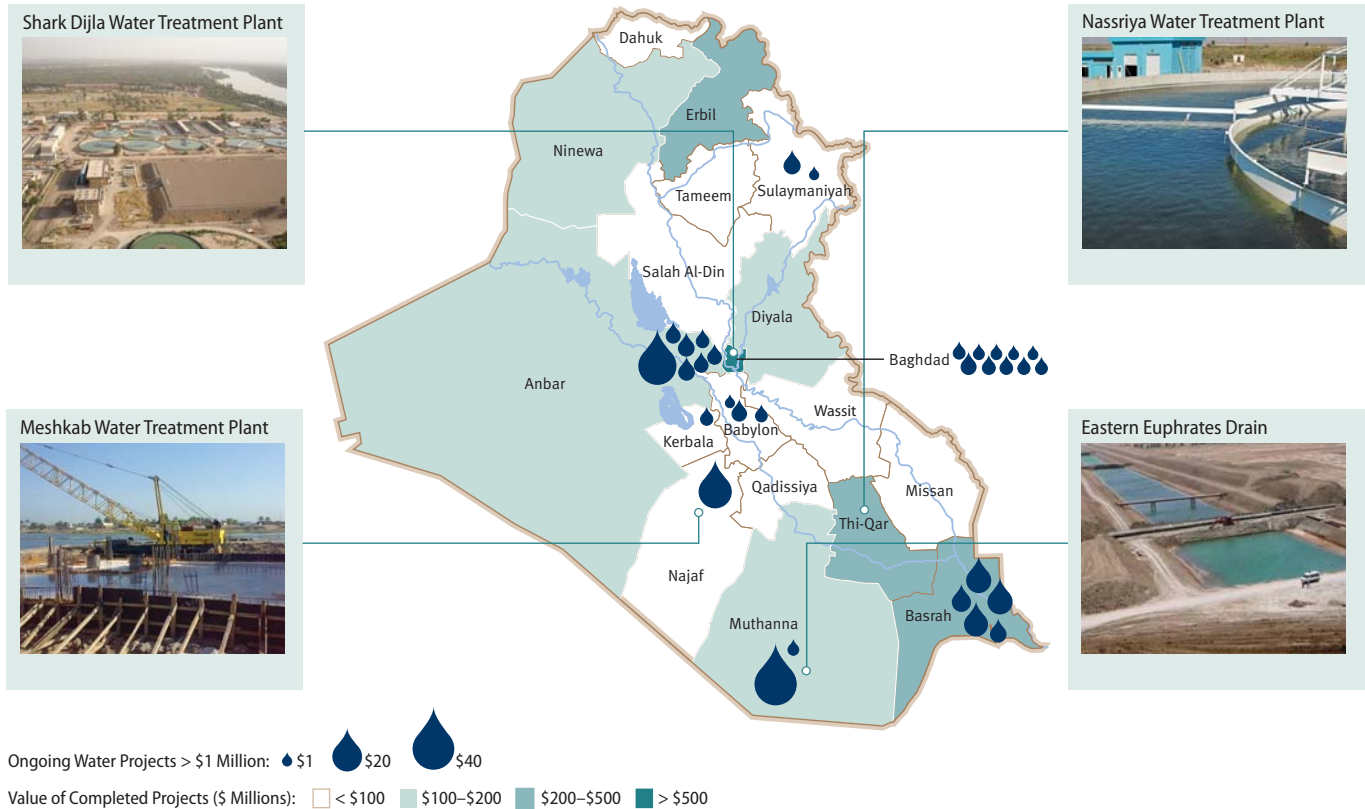
U.S.-FUNDED WATER PROJECTS, BY TYPE
$ Millions

	COMPLETED	ONGOING	NOT STARTED	TOTAL
Water Treatment	1,246.05	75.63	14.05	1,335.73
Water Distribution	369.69	33.39	8.57	411.65
Sustainment (O&M)	352.50	8.09	3.70	364.28
Misc. Facilities	248.30	11.40	9.89	269.59
Sewage Collection	165.66	47.60	22.21	235.47
Water Resource	211.52	3.92	0.79	216.23
Misc. Procurement	166.69	0.57	0.80	168.06
Sewage Treatment	88.29	32.24	0.27	120.80
Irrigation	44.06	39.18	0.18	83.42
Capacity Building	29.62	9.37	3.82	42.81
Spare-part Replenishment	6.17	0.07	0.00	6.24
Total	**2,928.54**	**261.46**	**64.27**	**3,254.28**

U.S.-FUNDED WATER PROJECTS, BY FUND
$ Millions
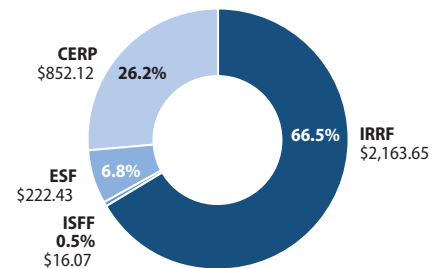
CERP $852.12 — 26.2%

IRRF $2,163.65 — 66.5%

ESF $222.43 — 6.8%

ISFF 0.5% $16.07

Note: Data not audited. Numbers affected by rounding. This list of reconstruction projects is based on IRMS data, which is not fully accurate or complete. Project totals therefore do not reconcile with top-line obligations and expenditures provided by the agencies.

Source: IRMS, *Global Benchmark,* 1/4/2010.

water.[223] Slightly less than half of the respondents said they had a working sewage disposal system in their neighborhood at least some of the time, and 25% were satisfied with the availability of sewage drainage services in their area.[224]

The U.S. Director of National Intelligence's last annual threat assessment cited a lack of clean drinking water nationwide as a factor that undermines the GOI's credibility with the Iraqi public.[225] This quarter, brigade commanders in Basrah province pointed to Iraqi mismanagement of water resources as a reason for lack of access to adequate amounts of water for drinking and irrigation.[226] For instance, the 17th Fires Brigade reported that Basrah province has sufficient water for drinking and irrigation, but poor maintenance, training, and illegal tapping has led to poor distribution.[227] PRT Basrah reported working with the provincial government and various ministries to improve management of water resources and train ministry employees.[228] A November water scarcity workshop in Basrah, however, did not go well: U.S. Embassy-Baghdad reported that the provincial government's planning of the conference was poor and the event was not well attended.[229]

U.S.-funded Water Projects Completed This Quarter

This quarter, USACE completed nine water and sanitation projects, at a collective cost of $11.3 million, including two $4.2 million projects funded by the IRRF: construction of a sludge lagoon system associated with the Sadr City R3 Water Treatment Plant and electrical upgrades for the Sweet Water Canal Pump Station No. 2, which supplies potable water in Basrah.[230]

Ongoing Water Projects

As of December 31, 2009, USACE was continuing work on 44 water projects, valued at $170 million.[231] Additionally, there were about 300 CERP-funded water projects ongoing this quarter, totaling almost $73 million.[232]

The $65 million Sadr City R3 Water Treatment Plant is designed to provide more than 500,000 Sadr City residents with potable water. (USACE photo)

Water Treatment

USACE expects to complete construction of the $70 million Meshkab Water Treatment Plant in Najaf by the end of March 2010. The United States funded one-third of this project ($23.1 million) through the IRRF, and the GOI funded the remainder.[233] According to USACE, work on the $10.1 million, ESF-funded Garma Water Reverse Feeding facility was scheduled for completion by the end of January 2010.[234] Work to repair generators at the Kharkh Water Treatment Plant in Baghdad, previously scheduled for completion in April 2008, is behind schedule. USACE expects this $8.3 million project to be completed by February, 2010.[235]

According to USACE, a $4.7 million operations and management project at the Dokan Water Network was 36% complete as of December 31, 2009. This project to provide safe drinking water to the city of Sulaymaniyah was originally scheduled for completion in April 2010; it is now slated to be complete in September 2010.[236]

This quarter, USF-I approved two new CERP water-treatment projects valued at slightly less than $1 million each—one to complete construction of the Az Zubayar Water Treatment Plant at a cost of $995,000, and the other to renovate the Diwaniyah Water Treatment Facility Pump Station at a cost of $988,000. According to USF-I, the Az Zubayar project will provide 30 million liters of potable drinking water to about 150,000 residents in Basrah province, while the Diwaniyah project will provide potable water to more than 500,000 residents

of Qadissiya province. USF-I expects to turn these projects over to the GOI in summer 2010.[237]

Sewage Treatment

In October 2008, a SIGIR inspection of the Falluja Waste Water Treatment System found that the project was more than two years behind schedule and that the estimated cost had tripled from $32.5 million to $98 million. Although the project was initially conceived to serve all 200,000 residents of Falluja—approximately 24,500 homes— the on-site inspection estimated that the earliest completion date would be April 2009, and that the system would serve only 38% of the city's residents, or roughly 9,300 homes.[238]

This quarter, USACE reported that it had scaled down the scope of the project. The commander of the USACE Gulf Region District told SIGIR the original plan was "a bit ambitious, given the kinetics of the area, the complexity of the project, the skill of the labor market, and the construction industry." USACE is now focused on finishing the system's "backbone," which is expected to be complete in April 2010, and consists of a water treatment plant, three pump stations, two main trunk lines, and an outfall pipe leading from the plant to the Euphrates River. After the backbone is complete, the system will be ready to serve 4,300 homes, but those homes will still need to be connected to the system. USACE also will provide the Iraqi government with drawings and designs to expand the system to service roughly 7,000 additional homes.[239]

As of January 2010, the scaled down plans were 85%–90% complete. The main pump station, designed to handle the entire city's wastewater, was on schedule to be operational by April; the other two pump stations were also scheduled to be completed by April, but they are to remain idle until the GOI expands the system. The GOI will be responsible for hooking the 4,300 homes in Falluja to the collection system using a $4 million U.S. grant. Once completed by the GOI, the system will be capable of providing indoor plumbing to all residents of Falluja.

Completion of the project, however, will require the GOI to accomplish the following:[240]
- Complete the collection network in the remaining areas of the city.
- Operate the two remaining pump stations that will be idle at the completion of the USACE project.
- Connect the roughly 20,300 remaining Falluja households to the collection system and the collection system to the trunk lines.
- Provide enough fuel to run power generators until the electrical grid, to which the system is also connected, becomes more dependable.

As of January 2010, local contractors had either been paid or were pursuing claims, an issue of concern in SIGIR's 2008 inspection report. The contractor hired to build the trunk lines was terminated for substandard work. USACE reported that the activated sludge system can be operated in a manner that minimizes the odor caused by overloading, another concern mentioned in SIGIR's report.[241]

Elsewhere in Iraq, installation of Sanitation Network Alabbas, a 26-km sewage network collection system in Basrah, remains ongoing. USACE expects this $11.2 million project to be completed in July 2010.[242] A $1.8 million sewer project in Baghdad's Adhamiya neighborhood, scheduled for completion this quarter, aims to reconstruct the existing sewer system, replacing sewer lines,

Iraqi workers on the site of the $1.8 million USACE-managed sewer project in the Adhamiya neighborhood of Baghdad. (USACE photo)

manholes, and manhole covers to provide a sewer network to more than 600 homes.[243] In Wassit province, the Numaniyah Water Treatment Plant will provide support to a pump station, water compact unit, water network, wastewater pump stations, and a sewer line.[244]

Irrigation

The Eastern Euphrates Drain project in Muthanna province, funded by $38.5 million of the IRRF, was scheduled for completion by the end of this quarter. According to USACE, the project aimed to reclaim more than 58,000 hectares of agricultural land and remove excess saline water from more than 400,000 hectares of irrigated land.[245]

Transportation and Communications

As of December 31, 2009, the United States had allocated $1.16 billion, obligated $1.10 billion, and expended $0.99 billion to improve Iraq's transportation and communications systems.[246]

Transportation

Ports

USACE reported that as of December 31, 2009, it had completed eight port projects in Iraq and had no ongoing U.S.-funded port projects.[247] USACE continued to build its first foreign military sales project with Iraq, the GOI-funded $53 million Umm Qasr Pier and Seawall in Basrah. The project, begun in October 2008, is designed to provide a berthing facility for the Iraqi Navy.[248]

Roads and Bridges

USACE reported this quarter that as of December 31, 2009, it had completed 278 village road projects and expressways; 31 projects remain ongoing, including a $130 million highway extension to connect the Sulaymaniyah road interchange to the Taza road interchange in the Kurdistan Region. The

A U.S. project working to prevent degradation of the beach near the seawall at the Umm Qasr Pier in Basrah province. (USACE photo)

three-phase project is funded by oil revenues from the provincial government in Sulaymaniyah. USACE provided $4.3 million of the ESF for the engineering design, which includes five highway interchanges and four bridges on a six-lane road.[249]

Construction also continued this quarter to resurface more than 81 kilometers of roads in 17 different locations in northeastern Iraq, including Tameem province. The $2.76 million project, funded by the CERP, aims to provide a network of rural roadways to give local residents access to local and regional markets in an effort to stimulate agricultural and economic growth.[250]

Railroads

As of December 31, 2009, USACE had completed all 112 railroad renovation projects that it had undertaken.[251] The Iraqi Ministry of Transportation signed a memorandum of understanding with Turkey this quarter to open a direct railroad line between Turkey and Iraq.[252] The ministry also reported that the State Company for Iraqi Railways had started to renovate passenger platforms at train stations, and that a Turkish delegation visited Baghdad to discuss plans to rehabilitate railway cars.[253]

Rehabilitation and expansion of Iraqi railroad track and station infrastructure continued this quarter. The U.S. government continued to build a $40.3 million digital microwave radio communication network to enhance the Iraqi railway communications system. Total expenditures for 2009 reached $7.2 million. The 33 microwave radio construction sites have been completed, and the U.S. government expects next quarter to begin operation and maintenance training programs. The project is managed by the Transportation Attaché.[254]

Aviation

This quarter, two international airports in the Kurdistan Region—Erbil International Airport and Sulaymaniyah International Airport—grew in size and capacity, paving the way for increased air travel options and linkages from the Kurdistan Region to the rest of the world. A new terminal at the Erbil airport with 16 gates is scheduled to open in March 2010. The terminal is expected to process about a million passengers annually, while the runways, one of which is among the longest in the world, are projected to handle up to 10 million passengers annually.[255]

The KRG envisions building the Erbil airport into a regional hub and has hired a Korean management consulting team to oversee operations and management as flights from the new terminal begin service. The number of flights has expanded to 80 weekly to accommodate the Kurdish diaspora and is a reflection of the growth in trade between the Kurdistan Region and surrounding countries. The smaller international airport in Sulaymaniyah now supports almost 60 passenger flights per week, but its management envisions expanding routes to China and other East Asian nations.[256] For an overview of international and national flights from the Kurdistan Region, see Figure 3.14.

Elsewhere in Iraq, a French firm, Aeroports de Paris, won a contract for approximately $42.5 million from the GOI in November 2009 to build a new airport between the cities of Kerbala, Najaf, and Hilla in southern Iraq.[257] Iraqi

An Iraqi helps survey one of the rural roads in Tameem province designated for resurfacing through the "Village to Market" program. (USACE photo)

FIGURE 3.14

INTERNATIONAL AND DOMESTIC FLIGHTS FROM THE KURDISTAN REGION
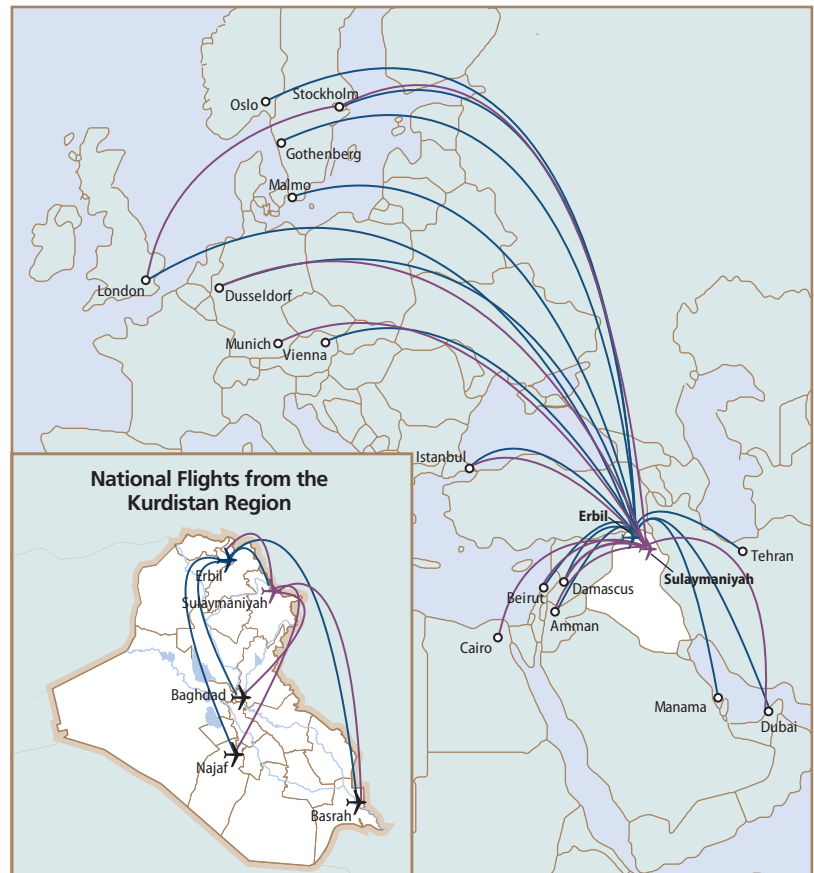
Source: U.S. Embassy-Baghdad, "RRT Erbil: Rapid Growth in Kurdistan Region's Air Links," No. 3158, 12/9/2009.

Airways announced this quarter that it planned to resume direct flights between Baghdad and Paris following an expected agreement between Iraq and France.[258]

As part of the Security Agreement between the United States and GOI, Iraq has assumed control of all its sovereign airspace, but has requested assistance from the United States to monitor and control airspace below 24,000 feet until the GOI has the infrastructure and capability to assume control of all of its airspace. The U.S. military provides air traffic services to flights, including approach, at airports in Baghdad, Mosul, Erbil, Najaf, Sulaymaniyah, and Basrah. The Iraq Civil Aviation Authority (ICAA) is developing a plan with help from the U.S. government to incrementally transition air traffic control to the Iraqis, but the ICAA is behind in its preparation to take over air traffic control primarily due to a lack of licensed air traffic controllers and an absence of infrastructure. The Baghdad Area Control Center (BACC), for instance, needs 200 to 250 licensed air traffic controllers to continue to provide current services and assume services currently provided by the U.S. military, but currently has none.[259]

Based on current training, the BACC is expected to have 10 to 20 licensed controllers by 2011. The Washington Consulting Group currently provides controller training to the ICAA and provides an expatriate controller workforce for day-to-day air traffic operations. No additional transfer of airspace control is expected until the fall of 2010.[260]

Telecommunications

Following the issuance of three telecommunications licenses in 2007, the Ministry of Communications again proposed this quarter a fourth mobile license that would be controlled by a new state-owned company in partnership with an international telecommunications provider. The first three licenses went to private companies using 2G Global System for Mobile (GSM) technology. The proposed state-owned license would use higher frequency bandwidth, commonly known as 3G.[261]

The United States is continuing to construct the $23.8 million al-Mamoon Exchange and Telecommunications Center in Baghdad. In July, the project was awarded to a new contractor and is currently 7% complete. The contractor is experiencing delays with submittals and the delivery of materials. Two training programs—an $800,000 project on e-governance and a $600,000 project on regulatory training with the U.S. Federal Communications Commission—have yet to be executed.[262]

Phone and Internet Service

Iraqis continued to use mobile phones more than any other form of telecommunication, with the total number of mobile phone subscribers at nearly 19.5 million, or 68% of the population. Zain, Asia Cell, and Korek remain the three main cell phone providers. There were 1.25 million landline subscriptions, accounting for 4.3% of the population, and 1.6 million Internet subscribers, accounting for 5.1% of the population.[263] ◆

GOVERNANCE

As of December 31, 2009, the United States had allocated $7.64 billion, obligated $7.40 billion, and expended $6.36 billion from the four major funds to help Iraq strengthen its government institutions and political processes for long-term sustainability and provide health care, education, and other public services.[264] For the status of U.S. funding for governance programs, see Figure 3.15 and Table 3.9.

This quarter, governance programs accounted for 78% of all new obligations of Iraq reconstruction funds and 35% of new expenditures.[265] There were $312.5 million in new obligations for governance programs this quarter, 25% more than last quarter. Slightly more than half of new obligations were made for Democracy and Civil Society programs, including the Civil Society Development Program (associated with the ESF-funded Community Action Program). Other major obligations were made for Iraqi Refugees in Jordan, the GRD-administered PRT/PRDC Projects, and the USAID-administered PRT Quick Response Fund. The ESF accounted for all new obligations reported for governance programs.[266]

This quarter, total expenditures rose by $318.3 million, 61% more than last quarter. The majority (44%) were made for Democracy and Civil Society programs. Major expenditures were also made for Iraqi Refugees in Jordan and PRT/PRDC Projects. The ESF accounted for 79% of all new expenditures, and IRRF 2 accounted for 18%.[267]

Overview of U.S. Governance Programs

The Provincial Reconstruction Teams (PRTs) and USAID continue to develop Iraq's provincial governments through capacity development, democracy and civil society, humanitarian relief, and other programs. This quarter, USAID's National
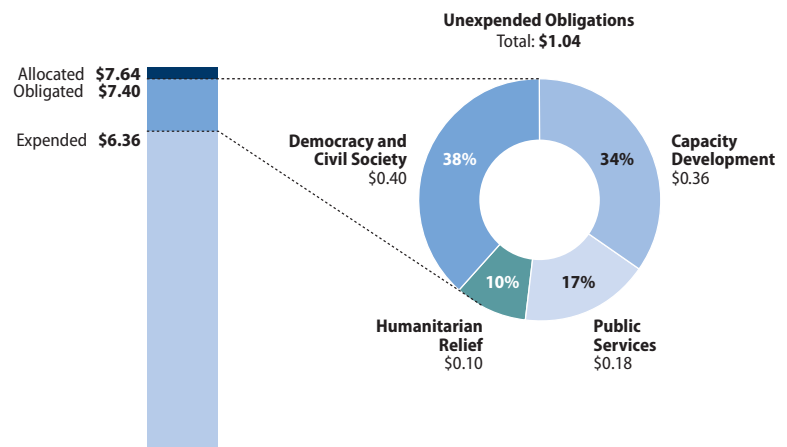
Capacity Development program ("Tatweer," Arabic for "Development") expended $20.2 million to strengthen Iraq's provincial governments, including training more than 8,000 local government workers. USAID's Community Action Program expended $32.1 million this quarter on programs to foster citizen participation in local governments. Meanwhile, USAID's Office of U.S. Foreign Disaster Assistance (OFDA) continues to implement humanitarian assistance programs through partner organizations.[268]

A SIGIR audit issued this quarter determined that DoS had only limited oversight over the costs and impact of grants that DRL awarded to the National Democratic Institute and International Republican Institute between August 2004 and June 2009. Of the $114 million in democracy-building

The endemic corruption within the Iraqi system—not only the security forces, but the system—is still probably the biggest problem facing Iraq.[269]

—General Raymond Odierno, Commander, USF-I September 15, 2009

FIGURE 3.15
GOVERNANCE: STATUS OF FUNDS
$ Billions

Note: Data not audited. Numbers affected by rounding. OSD does not report CERP allocation, obligation, and expenditure data for project categories on a quarterly basis for all fiscal year appropriations; SIGIR pulls CERP allocation, obligation, and expenditure data from the IRMS, which lags in reporting by one quarter. Therefore, totals may not match top-line values found in the Funding Sources subsection of this Report.

Sources: DoS, response to SIGIR data call, 4/5/2007; IRMS, *MNC-I Quarterly Report*, 1/15/2010; NEA-I, responses to SIGIR data call, 1/6/2010 and 1/20/2010; U.S. Embassy-Baghdad, responses to SIGIR data call, 1/11/2010, 1/14/2010, and 1/20/2010; USACE, response to SIGIR data call, 1/2/2010; USAID, responses to SIGIR data calls, 4/13/2009 and 1/20/2010.

TABLE 3.9

GOVERNANCE: STATUS OF FUNDS, WITH SELECTED PROGRAMS
$ Millions

SECTOR	PROGRAM	STATUS OF FUNDS		QUARTERLY CHANGE	
		OBLIGATED	EXPENDED	OBLIGATED	EXPENDED
Capacity Development	PRT/PRDC Projects - (ESF)	498.6	405.0	21.2 (4%)	52.0 (15%)
	PRT Quick Response Fund - (ESF)	220.1	146.2	19.6 (10%)	14.2 (11%)
	National Capacity Development - (ESF)	309.4	244.5		21.2 (9%)
	Other	1,315.9	1,192.7	6.6 (1%)	4.9 (0%)
	Subtotal	**2,344.0**	**1,988.4**	**47.3 (2%)**	**92.3 (5%)**
Democracy and Civil Society	Civil Society Development - (ESF)	71.1	39.6	71.1	39.6
	Democracy and Civil Society - (ESF)	259.4	148.0	74.2 (40%)	3.5 (2%)
	Education, Refugees, Human Rights, Democracy, & Governance - Governance - (IRRF 2)	89.3	68.7		29.0 (73%)
	Elections (IFES) - (ESF)	12.6	12.1	12.6	12.1
	Local Governance Program - (ESF)	410.5	295.0		23.6 (9%)
	Other	1,356.3	1,236.6		33.6 (3%)
	Subtotal	**2,199.2**	**1,800.0**	**157.8 (8%)**	**141.5 (9%)**
Humanitarian Relief	Iraqi Refugees (Jordan) - (ESF)	165.3	111.2	107.3 (185%)	75.2 (209%)
	Other	762.0	711.7		0.5 (0%)
	Subtotal	**927.3**	**822.9**	**107.3 (13%)**	**75.7 (10%)**
Public Services	**Subtotal**	**1,924.9**	**1,746.1**		**8.8 (1%)**
Total		**7,395.3**	**6,357.3**	**312.5 (4%)**	**318.3 (5%)**

Note: Data not audited. Numbers affected by rounding. The status and quarterly change for programs in the "Other" categories may be found in Appendix C. OSD does not report CERP allocation, obligation, and expenditure data for project categories on a quarterly basis for all fiscal year appropriations. SIGIR pulls CERP allocation, obligation, and expenditure data from the IRMS, which lags in reporting by one quarter. Therefore, totals may not match top-line values found in the Funding Sources subsection of this Report.

Sources: DoS, response to SIGIR data call, 4/5/2007; IRMS, *MNC-I Quarterly Report*, 1/15/2010; NEA-I, responses to SIGIR data call, 1/6/2010 and 1/20/2010; U.S. Embassy-Baghdad, responses to SIGIR data call, 1/11/2010, 1/14/2010, and 1/20/2010; USACE, response to SIGIR data call, 1/2/2010; USAID, responses to SIGIR data calls, 4/13/2009 and 1/20/2010; SIGIR, *Quarterly Report to the United States Congress*, 10/2009.

grant expenditures reviewed, only 41% was spent on direct program activities. Moreover, DoS cannot document whether the grants are meeting their intended goals.[270] For a summary of the audit's findings and recommendations, see Section 4.

Elections

On December 6, 2009, after months of negotiations, Iraq's Council of Representatives (CoR) approved the Elections Law that authorizes the national parliamentary elections scheduled for March 7, 2010.[271] The law had originally passed the CoR on November 8, 2009, but was vetoed on November 18 by Vice President al-Hashimi on the grounds that Iraqis living abroad would not be sufficiently represented.[272] The new law increases the number of seats in the CoR from 275 to 325, including 8 seats for minorities (5 for Christians and 1 each for Mandaeans, Shabak, and Yazidis).[273] As in the 2005 election, seats are allocated by province, with additional seats allocated to parties that won a high percentage of the national vote, but did not win a similarly large number of provincial votes.[274] See Section 1 for more detailed analysis.

This quarter, the United States continued to support the Independent High Electoral Commission (IHEC) in the areas of database management, out-of-country voting, public outreach, information

technology, and the provincial electoral offices. For the 2010 elections, approximately $6 million has been allocated through cooperative agreements with the International Foundation for Electoral Systems (IFES) and the Iraq Rapid Assistance Program (IRAP) contract with a U.S.-based company.[275]

In cooperation with USAID, IHEC, and DoS, the PRTs provided election support in the provinces, including public-service announcements and other voter-education programs. The DoS Bureau of Democracy, Human Rights, and Labor (DRL) reported $71 million in ongoing programs to support NGO partners in assisting political party leaders and various other organizations to conduct campaign activities and prepare election facilities in the provinces.[276] DRL considered input from the PRTs and other U.S. Embassy offices when deciding which election programs to fund.[277]

Legislation

U.S. Embassy-Baghdad reports that several important laws remain on the agenda, but action on all but the most time-sensitive are likely to be deferred until after the March 7 elections.[278] Iraq's Minister of Finance believes that the long-awaited hydrocarbons legislation package will pass sometime after the new parliament is installed.[279] This legislation would address revenue distribution between the GOI and the provinces, and is considered a key element to reconciliation and realization of benefits from oil exports.[280] For a historical perspective and more information on ongoing political and legislative issues affecting both the GOI and the KRG, see Figure 3.16.

On November 16, 2009, Iraq's Council of Ministers approved a draft law to create a monetary and banking training center to prepare personnel for working at the Central Bank of Iraq. The law was subsequently referred to the CoR for approval.[281] The CoR also passed an amendment to the National Investment Law on November 23, 2009.[282] For

more information on this law, see the Economy subsection.

Anticorruption

In meetings with SIGIR this quarter, two Iraqi ministers and the Iraqi Chief Justice expressed frustration with the ubiquitous presence of corruption at all levels of society and addressed the need for more high-level accountability. According to the Minister of Finance, corruption has never been worse, and the solution must begin with the highest ranks of government.[283] The Minister of Justice similarly expressed the need for fairness and accountability at all levels.[284] Further, Chief Justice Medhat al-Mahmoud, of the Higher Judicial Council (HJC), said that strong leadership within the ranks of government is needed to combat corruption.[285] In January 2010, the Chief Justice issued an anticorruption judicial order establishing within the HJC a three-judge prosecution committee that the Chief Justice will head with the Public Prosecutor.[286] For more information on Iraqi efforts to combat corruption, see Section 1.

This quarter, the Organisation for Economic Co-operation and Development (OECD) summarized a benchmark report (not yet released to the public) on improving integrity and transparency in Iraq's public procurement system.[287] OECD found that, despite Iraq's comprehensive procurement law and regulations, several challenges remain:[288]

- The process of awarding public contracts in Iraq is still not transparent.
- Open competitive tender is not required.
- Accountability chains are "fuzzy."
- There is, at best, limited coordination of procurement practices across government.
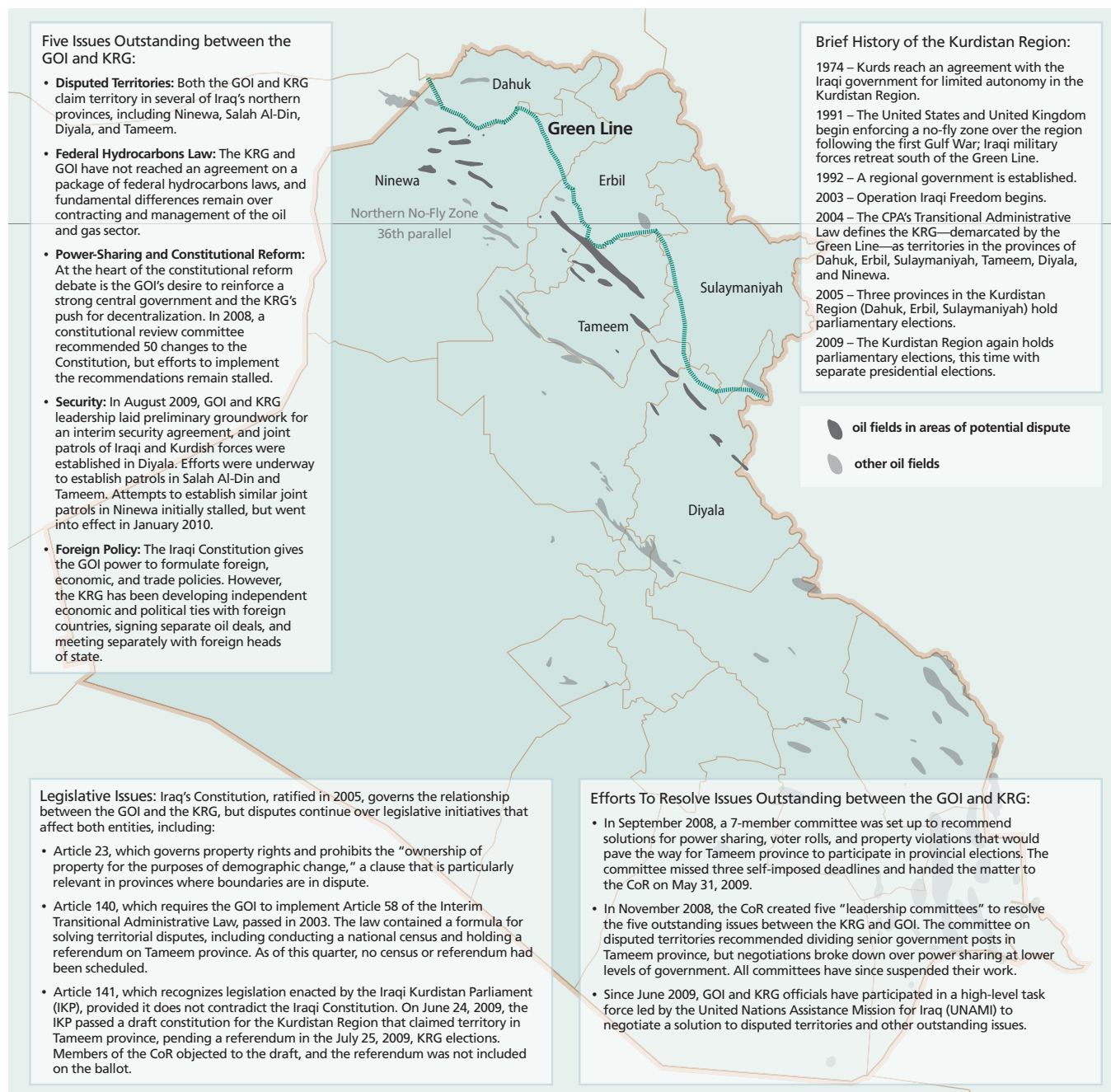- Control institutions, including the IGs, BSA, and COI, do not coordinate.

FIGURE 3.16

ONGOING POLITICAL ISSUES BETWEEN THE GOI AND KRG: A HISTORICAL PERSPECTIVE

Five Issues Outstanding between the GOI and KRG:

- **Disputed Territories:** Both the GOI and KRG claim territory in several of Iraq's northern provinces, including Ninewa, Salah Al-Din, Diyala, and Tameem.

- **Federal Hydrocarbons Law:** The KRG and GOI have not reached an agreement on a package of federal hydrocarbons laws, and fundamental differences remain over contracting and management of the oil and gas sector.

- **Power-Sharing and Constitutional Reform:** At the heart of the constitutional reform debate is the GOI's desire to reinforce a strong central government and the KRG's push for decentralization. In 2008, a constitutional review committee recommended 50 changes to the Constitution, but efforts to implement the recommendations remain stalled.

- **Security:** In August 2009, GOI and KRG leadership laid preliminary groundwork for an interim security agreement, and joint patrols of Iraqi and Kurdish forces were established in Diyala. Efforts were underway to establish patrols in Salah Al-Din and Tameem. Attempts to establish similar joint patrols in Ninewa initially stalled, but went into effect in January 2010.

- **Foreign Policy:** The Iraqi Constitution gives the GOI power to formulate foreign, economic, and trade policies. However, the KRG has been developing independent economic and political ties with foreign countries, signing separate oil deals, and meeting separately with foreign heads of state.

Brief History of the Kurdistan Region:

1974 – Kurds reach an agreement with the Iraqi government for limited autonomy in the Kurdistan Region.

1991 – The United States and United Kingdom begin enforcing a no-fly zone over the region following the first Gulf War; Iraqi military forces retreat south of the Green Line.

1992 – A regional government is established.

2003 – Operation Iraqi Freedom begins.

2004 – The CPA's Transitional Administrative Law defines the KRG—demarcated by the Green Line—as territories in the provinces of Dahuk, Erbil, Sulaymaniyah, Tameem, Diyala, and Ninewa.

2005 – Three provinces in the Kurdistan Region (Dahuk, Erbil, Sulaymaniyah) hold parliamentary elections.

2009 – The Kurdistan Region again holds parliamentary elections, this time with separate presidential elections.

◆ oil fields in areas of potential dispute

◆ other oil fields

Dahuk

Green Line

Ninewa

Erbil

Northern No-Fly Zone
36th parallel

Sulaymaniyah

Tameem

Diyala

Legislative Issues: Iraq's Constitution, ratified in 2005, governs the relationship between the GOI and the KRG, but disputes continue over legislative initiatives that affect both entities, including:

- Article 23, which governs property rights and prohibits the "ownership of property for the purposes of demographic change," a clause that is particularly relevant in provinces where boundaries are in dispute.

- Article 140, which requires the GOI to implement Article 58 of the Interim Transitional Administrative Law, passed in 2003. The law contained a formula for solving territorial disputes, including conducting a national census and holding a referendum on Tameem province. As of this quarter, no census or referendum had been scheduled.

- Article 141, which recognizes legislation enacted by the Iraqi Kurdistan Parliament (IKP), provided it does not contradict the Iraqi Constitution. On June 24, 2009, the IKP passed a draft constitution for the Kurdistan Region that claimed territory in Tameem province, pending a referendum in the July 25, 2009, KRG elections. Members of the CoR objected to the draft, and the referendum was not included on the ballot.

Efforts To Resolve Issues Outstanding between the GOI and KRG:

- In September 2008, a 7-member committee was set up to recommend solutions for power sharing, voter rolls, and property violations that would pave the way for Tameem province to participate in provincial elections. The committee missed three self-imposed deadlines and handed the matter to the CoR on May 31, 2009.

- In November 2008, the CoR created five "leadership committees" to resolve the five outstanding issues between the KRG and GOI. The committee on disputed territories recommended dividing senior government posts in Tameem province, but negotiations broke down over power sharing at lower levels of government. All committees have since suspended their work.

- Since June 2009, GOI and KRG officials have participated in a high-level task force led by the United Nations Assistance Mission for Iraq (UNAMI) to negotiate a solution to disputed territories and other outstanding issues.

Sources: International Crisis Group, "Iraq and the Kurds: Trouble Along the Trigger Line," *Middle East Report No. 88*, 7/8/2009, pp. i, ii, 2–5, 7–13, 15–21, 25, 27–28, 30–31; *Economist Intelligence Unit, Country Report: Iraq*, 10/2009, pp. 1, 2, 4, 5; Association of the United States Army's Institute of Land Warfare, Defense Report, "The Kurdish Question," 9/2009, p. 3; Congressional Research Service, "The Kurds in Post-Saddam Iraq," 3/14/2005, pp. 1–4, 6, and "Iraq: Reconciliation and Benchmarks," 8/4/2008, Table 2; International Crisis Group, "To Protect or To Project? Iraqi Kurds and Their Future," 6/4/2008, pp. 2–3; GOI, *Iraqi Constitution*, Articles 23, 140, 141; KRG, "Fifth Erbil International Trade Fair Opens 12 October," 10/7/2009, www.krg.org, accessed 11/5/2009; KRG, "President Barzani's Speech on Formation of New Cabinet," 10/31/2009, www.krg.org, accessed 11/4/2009; DoS, *Iraq Status Reports*, 7/1/2009, slide 4, and 7/8/2009, slide 4, and 7/29/2009, slides 4-5, and 11/4/2009, slide 8, and 11/18/2009, slide 6; Transitional Administrative Law, 3/8/2004, www.cpa-iraq.org/government/TAL.html, accessed 11/23/2009; MEES, *Weekly Report*, Vol. LII No 47, 11/23/2009, pp. 1–2; Office of the Director of National Intelligence, "Annual Threat Assessment of the Intelligence Community," 2/12/2009, p. 15; OSD, response to SIGIR data call, 1/14/2010; DoD, *Measuring Security and Stability in Iraq*, 11/4/2009, pp. 4, 5, 30.

The organization noted that public procurement was the government activity most likely to attract waste, fraud, and corruption.[289]

On International Anti-Corruption Day (December 9), U.S. Embassy-Baghdad assessed what it termed the GOI's "measured progress," citing COI, BSA, and IG accomplishments.[290] For example, the COI increased to almost 1,000 the number of cases it processed and sent to investigative judges in 2009, triple the number processed in 2008.[291] The COI also has been forwarding increasing numbers of cases to the judiciary. The COI announced in November that it was investigating 10,000 cases involving falsified educational certificates and was creating a blacklist for those found to have used false credentials to get their jobs.[292] In addition to COI efforts, the IGs are expanding their workload of investigations.[293] And in 2009, the BSA conducted approximately 3,300 external audits and consultations.[294]

Corruption Prosecutions

In December 2009, the COI announced convictions for corruption of four standing senior officials.[295] Of the three former senior Ministry of Trade officials convicted of corruption charges, one defendant received a two-year prison term, and the other two received one-year terms.[296] The lead figure in the case, former Minister Abdel Falah al-Sudani, resigned amid corruption allegations and currently awaits trial.[297] The Central Criminal Court of Iraq also convicted the former Deputy Minister of Transportation on bribery charges and sentenced him to eight years in prison.[298]

In November, various employees in Baghdad's municipal government were arrested for embezzling $20 million.[299] And in October, some members of the CoR alleged corruption against the head of the IHEC and the Minister of Electricity.[300] To date, there has been no follow-up investigation or sanctioning of either official by the COI or judiciary.[301]

A comparison of 2008 and 2009 corruption prosecution data indicates that while convictions

	2008	2009
Number of Open Corruption Cases	3,402	3,272
Number of Convictions	97 (15%)	285 (29%)
Number of Standing Senior Officials Prosecuted	2 (<0%)	4 (<0%)
Number of Standing Senior Officials Convicted	2 (<0%)	4 (<0%)

Sources: GOI, Commission on Integrity, *Annual Report for 2008*, www.nazaha.iq, accessed 1/6/2010; U.S. Embassy-Baghdad, response to SIGIR data call, 1/14/2010.

for corruption are increasing in number, a very small percentage of cases involve high-level officials. The latest COI annual report, released in December 2009 with 2008 data, shows that in 2008 Iraq issued 630 arrest warrants for officials suspected of corruption—206 for Ministry of the Interior officials and 52 for Ministry of Oil officials.[302] Only two of those cases were initiated against senior government officials.[303] Six of 630 were employees at the "General Director" level or above, which is equivalent to U.S. "senior management" level.[304] A total of 97 officials were convicted, and 2,772 cases were abandoned because the suspects were covered under the amnesty law.[305] In 2009, there were 3,272 open cases, four of which were initiated against high-level officials and resulted in convictions. A total of 285 officials were convicted in 2009.[306] Table 3.10 provides more detailed analysis of corruption prosecutions.

Other Iraqi Anticorruption Efforts

On November 9–13, 2009, Iraq participated in the Third Conference of State Parties to the United Nations Convention against Corruption (UNCAC) in Doha, Qatar.[307] The parties adopted a mechanism to allow UN monitoring of Iraq's UNCAC implementation once every five years.[308]

Also in November, the Iraqi Kurdistan Parliament (IKP) established an Anti-Corruption Committee, following the KRG's release of its *Good Governance and Transparency Strategy* in July.[309] Data on its progress is not available. The IKP also attended the Sixth Global Forum on Fighting

Corruption and Safeguarding Integrity in Doha on November 7–8, 2009.[310]

On January 10–11, 2010, Iraq held an Extractive Industries Transparency Initiative (EITI) conference to launch measures aimed at fulfilling EITI candidature requirements.[311] Created to promote greater transparency in countries rich in natural resources, EITI requires its permanent members to regularly publish all material revenues received in oil, gas, and mining; and companies must report on all payments to governments in those industries.[312]

Notwithstanding these high-level efforts, Transparency International's Global Corruption Barometer reports that Iraq is still one of the top 8 countries (of 69) most affected by petty bribery, with public officials and civil servants the most likely recipients of bribes.[313] Employment middlemen are also likely to receive bribes. Though DoS reports that Iraqis remain hopeful about finding employment, Iraq's unemployed are concerned about the need to pay bribes to get a job through a dealer.[314]

U.S. Anticorruption Programs

The U.S. Embassy-Baghdad's Anti-Corruption Coordination Office (ACCO) is among a number of U.S. government civilian and military offices that work with Iraqis to strengthen anti-corruption efforts.[315] Besides currently coordinating the various U.S. government programs, ACCO uses its own resources to fund and oversee specific initiatives.[316] As of December 31, 2009, ACCO had obligated approximately $16.6 million and disbursed approximately $6.21 million to anticorruption initiatives.[317] Though ACCO issues a listing of U.S. government-sponsored anticorruption programs, DoS does not have exact figures for all programs conducted by ACCO or for all overall U.S. government allocations, obligations, and disbursements to anticorruption initiatives.[318]

One of ACCO's main initiatives involves alliances with various implementing partners, such as the UN Development Programme (UNDP) and the University of Utah. As part of an $8 million

ACCO-funded project, UNDP, ACCO, and senior Iraqi officials moved forward on a new five-year national anticorruption strategy in January 2010.[319]

ACCO also contributed $2 million to an existing UNDP anticorruption project in the Kurdistan Region, while at the same time adding $5 million in support for provincial-level anticorruption efforts. ACCO is drawing from an additional $4 million to provide legal training for the COI legal affairs office and forensic accounting training for COI investigators.[320]

Humanitarian Relief

As of December 31, 2009, the United States had allocated $927 million, obligated $927 million, and expended $823 million to support humanitarian relief programs in Iraq.[321] Most humanitarian programs are implemented multilaterally by partner organizations. See Appendix D for more information on international funding involved.

UN Humanitarian Relief

Pursuant to UN Security Council Resolution 1883, which broadened the responsibilities of the UN Assistance Mission for Iraq (UNAMI), the Consolidated Appeals (CAP) action for Iraq and the region raised $650 million in 2009.[322] Facilitated by OCHA, a CAP occurs when there is an acute humanitarian need caused by a conflict, the government is unable or unwilling to address the need, and a single UN agency cannot meet needs.[323] As of November 2009, 62% of the $650 million ($401.7 million) had been funded, with the United States providing almost 60% of that funding.[324]

OCHA's 2010 Iraq Humanitarian Action Plan (IHAP) reports that lack of water, shelter, food, protection, and access to education and health care have reached proportions that require a humanitarian response to meet immediate needs.[325] Developed by 9 UN agencies, the International Organization for Migration (IOM), and 12 non-profit governmental organizations in Iraq, the IHAP addresses these humanitarian themes:[326]

- internally displaced persons (IDPs), returnees, refugees, women, children, and other vulnerable groups
- effects of the 2007–2009 drought
- reintegration of IDPs and refugees
- continued risk posed by landmines and other explosives
- strengthened social safety nets

The IHAP also reported on a new approach to humanitarian needs in Iraq, a first-ever Common Country Assessment/UN Development Assistance Framework.[327] This assessment, to be implemented from 2011 until 2014, focuses on areas of governance and ensuring essential services such as education and health care.[328]

The GOI has pledged to provide more assistance to refugees and IDPs in 2010 than it did in 2009. In November 2009, the GOI pledged to increase the 2010 Ministry of Displacement and Migration (MODM) budget by 250%, to $169.5 million.[329] This proposed extra funding is $42.4 million less than the 2008 budget for refugees and IDPs.[330] As a result, Iraqi refugees and IDPs still require the support of the United States and its international partners.

Refugees and Internally Displaced Persons

Most U.S. programs to assist Iraqi refugees and IDPs are implemented through multinational partners, such as the UN High Commissioner for Refugees (UNHCR) and the International Committee of the Red Cross (ICRC). In FY 2009, the DoS Bureau of Population, Refugees and Migration (PRM) allocated $303.4 million to international organizations and NGOs to help Iraqi IDPs.[331] From October 1 to December 31, 2009, PRM provided more than $123 million for the same purpose. USAID's Office of Foreign Disaster Assistance (OFDA) provided $83.4 million to 10 implementing partners for programs in all of Iraq's 18 provinces, of which nearly $76.4 million is supporting FY 2010 programs.[332] In FY 2010, OFDA has obligated an additional $3 million for humanitarian programs.[333]

U.S. soldiers and Iraqi police distribute humanitarian aid near Sinjar in Ninewa Province. (USF-I photo)

In FY 2009, about 25% of all refugees admitted to the United States were Iraqi (nearly 19,000).[334] This quarter, 3,639 more Iraqis were settled in the United States.[335] As of December 22, 2009, U.S. Embassy-Baghdad's Consular Section had issued 2,903 special immigrant visas in FY 2010 under the authority of section 1059 of the National Defense Authorization Act for 2006 and section 1244 of the Refugee Crisis in Iraq Act.[336]

The European Union (EU) is also assisting. According to a December 2009 Eurostat report, EU member states granted 16,600 Iraqi refugees asylum in the EU in 2008, making Iraqis the largest group (22%) of persons granted protection status in Europe.[337] Most of the Iraqis settled in Germany and Sweden. Moreover, with 13,200 asylum applicants, Iraq is the country of origin of most asylum applicants worldwide for the fourth consecutive year.[338]

Mounting Difficulties for Refugees and IDPs as Displacement Continues

Currently, nearly 1.7 million Iraqi refugees are estimated to live outside Iraq's borders.[339] Precise numbers cannot be determined because not all refugees have registered.[340] About 74% of the registered and active refugee population lives in Syria, where refugees face mounting difficulties:[341]

- Though constituting one of the largest urban refugee populations in the world, Iraqis in Syria

are dispersed among many large cities and often lack the ability to reach UNHCR services.[342]

- Iraqi refugees in Syria are barred from formal employment. The situation for Iraqi refugees thus becomes more precarious with time as their savings run out.[343]
- The UNHCR in Syria operates without the protection of a formal legal agreement, instead relying on the Syrian government's tacit permission to provide services. Syria allegedly detained and forcibly deported Iraqi refugees in 2009.[344]

In addition to refugees, an additional 2.9 million Iraqis are displaced within Iraq's borders.[345] Though protected by international human rights law, and humanitarian law in situations of armed conflict, IDPs are not protected by international refugee law because they have not crossed an international border.[346] One-fifth of IDPs in Iraq are living in public buildings or shelters, and two-thirds of families do not have a breadwinner.[347] See the Security subsection for more detailed analysis on the human rights implications for refugees and IDPs.

Refugee and IDP Returns

Though the UNHCR estimates that in 2008 and 2009 more than 300,000 IDPs returned home and nearly 80,000 refugees returned to Iraq, there has not yet been a large-scale return of refugees to Iraq.[348] The UNHCR reports that poor conditions in Iraq, such as violence and lack of access to essential services, hinder returns.[349] On December 11, 2009, UNHCR called on refugee host nations to refrain from forcibly returning asylum-seekers to Baghdad, Tameem, and other violence-prone areas until there is a substantial improvement in the security and human rights situation.[350] Despite the impossibility of integrating with legal protection in Syria—the UNHCR states that integration in Syria is "not an option"—some returned refugees reportedly fled back to Syria.[351]

As for the internally displaced, the MODM estimates that 55% may not wish to return to their homes of origin.[352] Baghdad has the highest number of returnees: DoS estimates that 37% of all IDPs returned to Baghdad, and the IOM reports that 58% of identified returnees returned to Baghdad.[353] Figure 3.17 shows the demographic breakout for IDPs in the provinces where they now live against the small combined total of former IDPs and refugees who have returned to their provinces of origin.

Ethnoreligious Factors for Refugees and IDPs Contemplating a Return

Notwithstanding difficulties in obtaining accurate data on IDPs, refugees, and returnees, the IOM has assessed more than 1.2 million IDPs and nearly 60,000 returnees (including the formerly displaced and returned refugees).[354] Based on these assessments, the IOM reports an increasing homogenization along ethnoreligious lines as IDPs either return to their province of origin or remain in their current location:

- IOM statistics show that some ethnic and religious groups among displaced populations have not returned to particular provinces.[355] For example, 62% of IDPs displaced from Anbar were Arab Shia Muslim, whereas currently only 1% of the province's returnee population is estimated to be Arab Shia Muslim.[356]
- Although the GOI continues to assert that return remains possible or desirable for all IDPs, nationwide the desire to integrate after displacement is 25%. Most of the IDPs in the south wish to integrate rather than return. In Basrah, an estimated 80% of IDPs wish to remain in the local population.[357] Many of the IDPs in the south who wish to stay are Arab Shia Muslims.
- Many IDPs fled to the north, where the environment is more tolerant, particularly for minorities and Kurds.[358] According to IOM assessments, more than two-thirds of Ninewa's IDP families are members of Iraq's minority communities, including Christians, Turkomen, Kurds, and others.[359] Nearly half of IOM-assessed IDPs in Dahuk are Christians.[360]

FIGURE 3.17
ASSESSED IDPS VS. RETURNEES, BY PROVINCE AND SECT
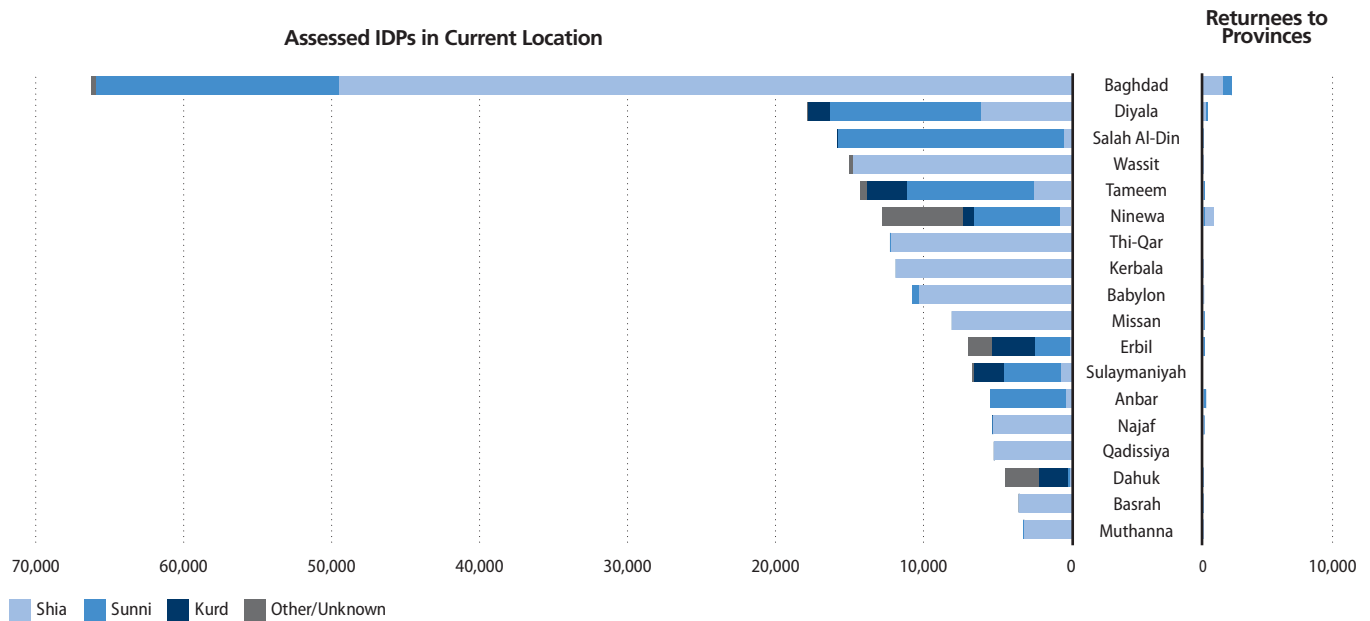
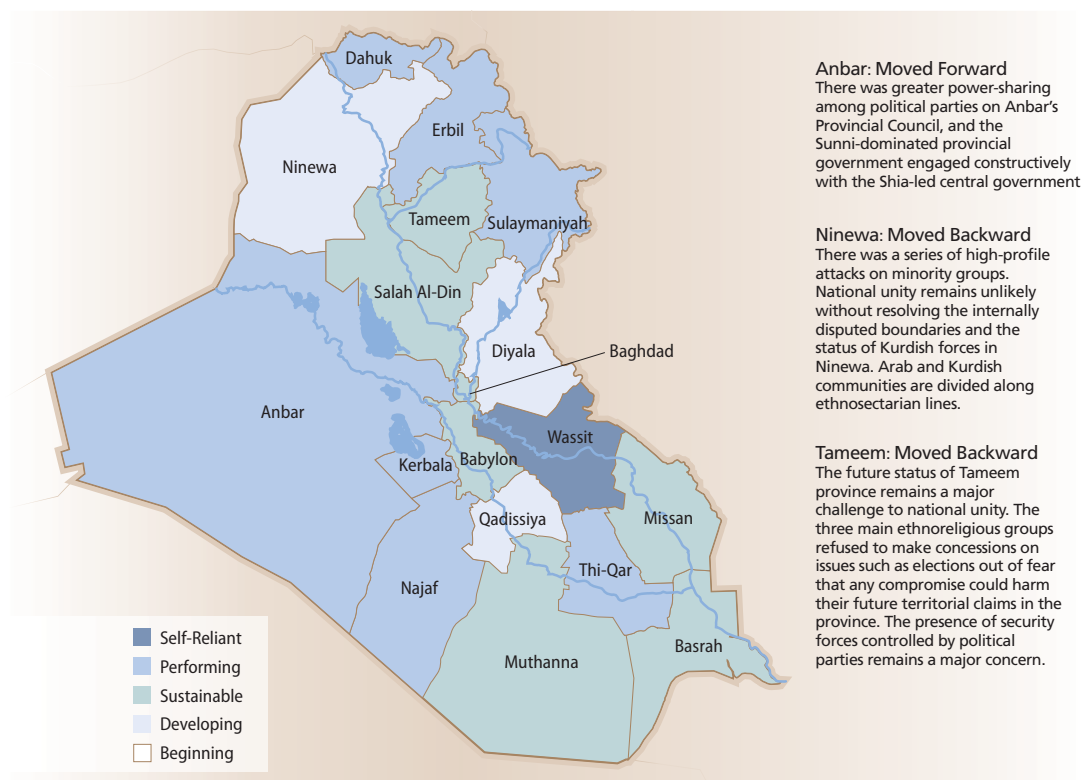
Note: Returnees include refugees and IDPs.

Source: IOM, response to SIGIR data call, 1/15/2010.

Provincial Reconstruction Teams (PRTs) periodically assess provincial governments' progress toward self-reliance in five categories as part of a project called the Maturity Model Quarterly Assessment (MMQA), formerly called the Capability Maturity Model.[361] The most recent assessment of the "national unity" category, completed in September and covering the period June 1, 2009, to August 31, 2009, shows uneven achievements toward political reconciliation in the provinces.[362] Wassit, for instance, was the only province to achieve self-reliance in the national unity category.[363] But Ninewa, Diyala, and Qadissiya, with pronounced ethnosectarian tensions and political rivalries, were rated "developing"—just one step above "beginning."[364]

A province's degree of national unity—which often accompanies greater security—may influence IDPs' and refugees' decisions of whether to return home or integrate locally. The IOM reports, however, other factors besides greater security that influence the decision, including the availability of shelter, employment, and basic services.[365] For instance, in Wassit, 92% of IOM-assessed IDPs (98% of whom are Shia Muslim) said that they intend to integrate locally with Wassit's majority Shia Muslim population rather than return to their places of origin.[366] However, while national unity has improved in Anbar province, a majority of IDPs in Anbar said they intend to return to their provinces of origin.[367] In Qadissiya, where national unity remains low, only 41% of IDPs said that they wanted to stay in the province, even though most are Shia Muslims, and the host population is 98% Shia Muslim.[368] For a detailed view of provincial progress in the national unity category, see Figure 3.18.

FIGURE 3.18
PRT MATURITY ASSESSMENT OF NATIONAL UNITY, AS OF 8/2009

Anbar: Moved Forward
There was greater power-sharing among political parties on Anbar's Provincial Council, and the Sunni-dominated provincial government engaged constructively with the Shia-led central government.

Ninewa: Moved Backward
There was a series of high-profile attacks on minority groups. National unity remains unlikely without resolving the internally disputed boundaries and the status of Kurdish forces in Ninewa. Arab and Kurdish communities are divided along ethnosectarian lines.

Tameem: Moved Backward
The future status of Tameem province remains a major challenge to national unity. The three main ethnoreligious groups refused to make concessions on issues such as elections out of fear that any compromise could harm their future territorial claims in the province. The presence of security forces controlled by political parties remains a major concern.

Legend:
- Self-Reliant
- Performing
- Sustainable
- Developing
- Beginning

Source: U.S. Embassy-Baghdad, OPA, PRT response to SIGIR data call, 1/4/2010.

Health Care

The U.S. Department of Health and Human Services (HHS), USF-I, DoS, USAID, Naval Medical Research Unit 3 in Cairo, and USACE supported health care in Iraq this quarter. According to the Office of the Health Attaché (OHA) at U.S. Embassy-Baghdad, however, the OHA will not likely be maintained past the spring of 2010.[369]

Improving Iraq's Public Health Workforce

U.S. training courses this quarter continued to build the capacity of local healthcare facilities. DoS-funded training courses educated Iraqis in telemedicine technology and distance-learning programs, as well as the development of medical specialists.[370]

U.S.-funded programs offered this quarter by the nonprofit International Medical Corps (IMC) included four courses on capacity-building training for medical educators, gastrointestinal laparoscopic surgery, orthopedic surgery, and acute pediatric care. IMC also designed and implemented a curriculum for Radiation Oncology.[371]

U.S.-funded Hospital Construction Projects

On October 1, 2009, DoD transferred the Ibn Sina Hospital back to the GOI. Formerly a large U.S. combat support hospital in Baghdad, Ibn Sina has treated U.S., Iraqi, and Coalition personnel and civilians since 2003.[372] The hospital was transferred without 100 of the approximately 9,800 pieces of equipment, such as intensive care unit beds and

trauma centers, which were not covered as "excess to the needs of the Army" under section 644 of the Foreign Assistance Act of 1961.[373] According to OHA, the GOI plans to reopen Ibn Sina Hospital in January 2010.[374] On December 7, 2009, the ESF-funded Zakho Emergency Hospital was officially opened in Dahuk province. The $2.6 million, 40-bed trauma center includes surgical wards, X-ray and MRI facilities, and a plant to provide dedicated electrical power. The KRG's Ministry of Finance provided approximately $1 million for additional equipment.[375]

Status of Outbreaks, Illnesses, and Infant Mortality in Iraq

The World Health Organization (WHO) continues to monitor outbreaks of the H1N1 virus in Iraq. As of November 25, 2009, WHO reported 2,466 laboratory-confirmed cases, 15 of which resulted in deaths.[376] The GOI Ministry of Health has been collaborating with WHO to prevent and monitor the spread of the virus.[377]

Iraqi officials report that Iraq is witnessing a large rise in infant deformities and cancer rates. The board of directors at Falluja's main hospital formed a task force to investigate these cases.[378]

Iraq ranks 60th among 224 countries in infant mortality, with an estimated 44 deaths per 1,000 live births. Angola tops the list. By comparison, Afghanistan ranks 3rd, with 152 deaths for 1,000

The U.S.-funded Al Khawarizmy Intermediate School in Sadr City. (USACE photo)

TABLE 3.11
INFANT MORTALITY IN SELECTED COUNTRIES

COUNTRY	INFANT MORTALITY/ 1,000 LIVE BIRTHS
Switzerland	4.18
United States	6.26
Georgia	16.22
Egypt	27.26
Iraq	**43.82**
Pakistan	65.14
Afghanistan	151.95

Source: CIA, *The World Factbook*, www.cia.gov, accessed 1/13/2010.

live births, and the United States ranks 180th.[379] For more on infant mortality rates in selected countries, see Table 3.11.

Education

U.S. assistance in the education sector continues to transition from construction and rehabilitation efforts to capacity development and logistical support for schools. In accordance with the Strategic Framework Agreement, the United States and GOI are currently collaborating on programs designed to expand educational exchange opportunities between the two countries.

This quarter, U.S. Embassy-Baghdad, in cooperation with the nonprofit Academy for Educational Development, launched a $1.2 million series of workshops to train more than 200 Iraqi professionals in the field of student advising and career development, specifically to prepare them to advise Iraqi exchange students.[380] In addition, in November 2009, U.S. Embassy-Baghdad expanded the Fulbright Visiting Scholar Program for Iraq.[381]

USACE reported that construction of a $2 million, ESF-funded school in Sadr City was completed this quarter. The Al Khawarizmy Intermediate School is designed to accommodate more than 1,500 students.[382] ◆

ECONOMY

As of December 31, 2009, the United States had allocated $1.57 billion, obligated $1.57 billion, and expended $1.37 billion to support Iraq's economic governance and private-sector development. This quarter, economy programs accounted for just 2% of new obligations and 6% of new expenditures.[384] For the status of U.S. funding to support economic development, see Figure 3.19 and Table 3.12.

There were $8.6 million in net obligations for economy programs this quarter, 88% fewer than last quarter. All new reported obligations—$9.0 million—were in the ESF-funded Izdihar program. A small amount was de-obligated from the Targeted Development Program. This quarter, cumulative expenditures rose by $53.0 million, 89% more than last quarter. Expenditures were spread among several programs, including the IRRF 2-funded Market-Based Reforms program, Izdihar, Provincial Economic Growth, and Inma

agribusiness development. The ESF accounted for 76% of new expenditures, and IRRF 2 accounted for 22%.[385]

Key Economic Developments and Trends

This quarter, Iraq received $12.67 billion in total revenue from the export of crude oil; $0.63 billion (5%) of that was reserved for war reparations to Kuwait, leaving $12.03 billion in oil export receipts. Iraqi oil receipts totaled $37.02 billion in 2009.[386]

If the winning bidders from Iraq's first and second petroleum licensing round meet their plateau production targets, Iraq's crude oil production—and its annual oil export revenues—could increase significantly in the next 10 to 15 years. National legislation that addresses revenue distribution between the GOI and the provinces is considered key to reconciliation and to realizing the full benefits from Iraqi oil exports. The GOI has not yet achieved this milestone, but the Minister of Finance has expressed confidence that the parliament to be elected in March 2010 will pass the legislation.[387]

Even with increased production, Iraq's government revenue and economy will remain vulnerable to fluctuations in the price of oil. Iraq's highly centralized economy is dominated by the oil sector, which accounted for 53% of gross domestic product (GDP) in 2009, behind only Angola and Libya among OPEC countries.[388] In 2009, oil export receipts accounted for 87% of all estimated government revenue, and budgeted GOI expenditures accounted for 84% of GDP.[389] Despite efforts to spur economic growth outside the oil sector, its role in the Iraqi economy is growing: real GDP growth in the oil sector has outpaced non-oil growth for the last three years.[390]

FIGURE 3.19

ECONOMY: STATUS OF FUNDS
$ Billions
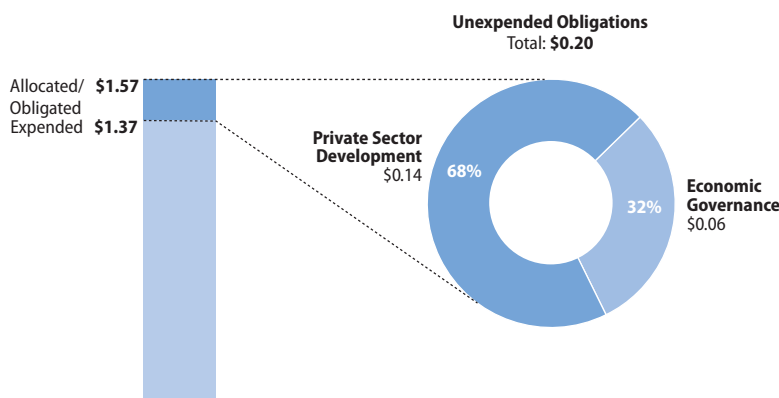
Allocated/Obligated **$1.57**
Expended **$1.37**

Unexpended Obligations
Total: **$0.20**

Private Sector Development $0.14

68%

32%

Economic Governance $0.06

Note: Data not audited. Numbers affected by rounding. OSD does not report CERP allocation, obligation, and expenditure data for project categories on a quarterly basis for all fiscal year appropriations. SIGIR pulls CERP allocation, obligation, and expenditure data from the IRMS, which lags in reporting by one quarter. Therefore, totals may not match top-line values found in the Funding Sources subsection of this Report.

Sources: IRMS, *MNC-I Quarterly Report*, 1/15/2010; NEA-I, response to SIGIR data call, 1/6/2010; U.S. Embassy-Baghdad, responses to SIGIR data call, 1/11/2010 and 1/14/2010; USAID, responses to SIGIR data calls, 4/13/2009 and 1/20/2010; USTDA, response to SIGIR data call, 4/2/2009; U.S. Treasury, response to SIGIR data call, 4/2/2009.

TABLE 3.12

ECONOMY: STATUS OF FUNDS, BY SECTOR, WITH SELECTED PROGRAMS

$ Millions

SECTOR	PROGRAM	STATUS OF FUNDS		QUARTERLY CHANGE	
		OBLIGATED	EXPENDED	OBLIGATED	EXPENDED
Economic Governance	Private Sector Development—Market-Based Reforms (IRRF 2)	135.0	118.6		11.6 (11%)
	Other	687.7	642.0		0.4 (0%)-
	Subtotal	**822.7**	**760.6**		**12.0 (2%)**
Private Sector Development	Izdihar (ESF)	32.8	31.4	9.0 (38%)	9.0 (40%)
	Provincial Economic Growth (ESF)	85.8	48.7		12.9 (36%)
	Inma Agribusiness Development (ESF)	124.0	82.5		10.1 (14%)
	Other	503.9	448.9	-0.4 (0%)	9.1 (2%)
	Subtotal	**746.5**	**611.4**	**8.6 (1%)**	**41.1 (7%)**
Total		**1,569.2**	**1,372.0**	**8.6 (1%)**	**53.0 (4%)**

Note: Data not audited. Numbers affected by rounding. The status and quarterly change for programs in the "Other" categories may be found in Appendix C. OSD does not report CERP allocation, obligation, and expenditure data for project categories on a quarterly basis for all fiscal year appropriations. SIGIR pulls CERP allocation, obligation, and expenditure data from the IRMS, which lags in reporting by one quarter. Therefore, totals may not match top-line values found in the Funding Sources subsection of this Report.

Sources: IRMS, *MNC-I Quarterly Report*, 1/15/2010; NEA-I, response to SIGIR data call, 1/6/2010; U.S. Embassy-Baghdad, responses to SIGIR data calls, 4/13/2009, 10/3/2009, 1/11/2010, 1/14/2010, and 1/20/2010; U.S. Treasury, response to SIGIR data call, 4/2/2009; USAID, responses to SIGIR data calls, 4/13/2009 and 10/14/2009; USTDA, response to SIGIR data call, 4/2/2009.

Iraq's vulnerability was made clear in the recent global recession. Real GDP growth dropped from 9.5% in 2008 to 4.3% in 2009. The sharp drop in oil prices from mid-2008 to early 2009 caused growth in the oil sector to drop from 12.3% in 2008 to 4.6% in 2009, versus a less severe decline in the rest of the economy, from 5.4% to 4.0%.[391] For details on the predominance of oil in the Iraqi economy and the impact of oil prices on export receipts and GDP, see Figure 3.20.

Iraq's recent monetary stability persisted through the end of 2009. Prices dropped in 8 of the last 12 months, and continued to drop this quarter, based on a broad index, as year-on-year inflation fell to negative 4.9% in November from negative 0.3% in August 2009. The year-on-year core inflation rate (which excludes fuel, electricity, transportation, and communications) fell to 4.8% in November, from 10.8% in August. The Central Bank of Iraq (CBI) has kept interest rates at 7% since June 2009 and held Iraq's exchange rate at 1,170 dinar per dollar since January 2009.[392]

Estimates of unemployment in Iraq vary. The Iraqi Central Organization for Statistics and Information Technology (COSIT)—which is responsible for conducting economic surveys—has not provided official unemployment figures for 2009, citing political obstacles in the run-up to the election. COSIT's unofficial estimates for 2009 were 15.5% unemployment and 29% underemployment.[393] This is a considerable change from the official figures for 2004 of 26% unemployment.[394] However, estimates from other sources put 2009 unemployment as high as 30%.[395]

The most comprehensive data available, assembled by COSIT and the World Bank from November 2006 to November 2007, shows that Iraq's economy is unable to provide enough jobs for its growing population. By many standards, Iraq is characteristic of conservative, developing countries: the population is young and growing, young people in the workforce face the highest rates of unemployment, and women are less likely than men to be economically active.[396] For details, see Figure 3.21.

As of December 31, 2009, 16,507 civilian Iraqis have received job training through U.S.-funded programs, and 1,867 of that total received on-the-job training.[397] This contrasts with more than 700,000 ISF personnel trained in U.S.-funded programs.[398]
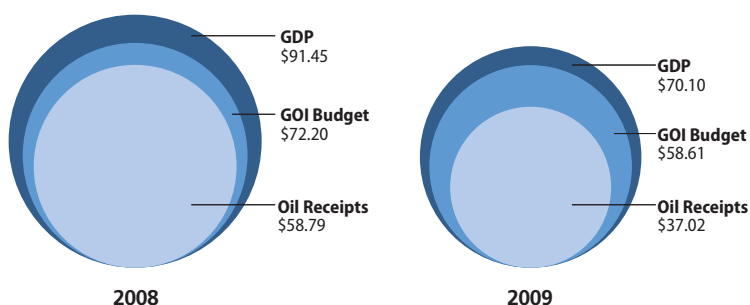
FIGURE 3.20
RELATIONSHIP BETWEEN PRICE OF OIL, IRAQI OIL RECEIPTS, AND GDP
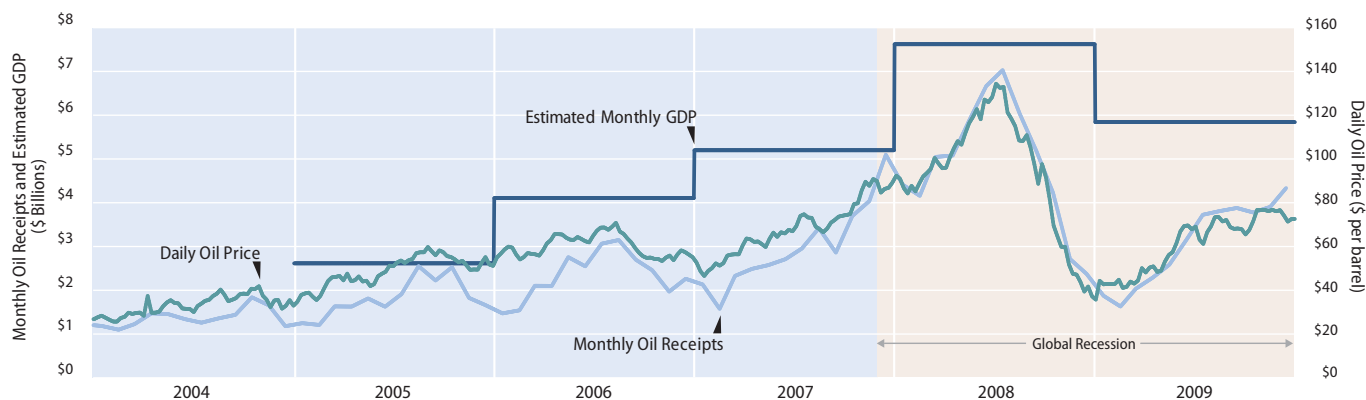
OPEC Oil Export Revenues, 2009

	NET ($ BIL)	PER CAPITA ($)	% OF GDP
Angola	42.2	3,294	61%
Libya	34.3	5,421	57%
Iraq	37.2	1,284	53%
Saudi Arabia	154.2	5,368	41%
Kuwait	46.0	17,061	40%
Algeria	42.7	1,250	32%
Nigeria	46.1	325	28%
Qatar	24.0	25,221	26%
UAE	52.2	10,863	23%
Iran	54.6	821	16%
Ecuador	5.8	411	10%
Venezuela	33.3	1,239	9%
OPEC	**572.6**	**1,553**	**28%**

Iraqi Oil Receipts, Budget, and GDP, 2008–2009
$ Billions

2008
- GDP $91.45
- GOI Budget $72.20
- Oil Receipts $58.79

2009
- GDP $70.10
- GOI Budget $58.61
- Oil Receipts $37.02

Notes: Weekly Iraq Kirkuk netback price at U.S. Gulf used for all oil price descriptions, depictions, and analysis. All dollar values in current prices. Iraqi GDP is not available from the IMF for 2004; GDP figures from 2007–2009 are estimates. Data not audited. Numbers affected by rounding.

Sources: U.S. Treasury, responses to SIGIR data calls, 10/2/2009 and 1/11/2010; IMF, *World Economic and Financial Surveys: World Economic Outlook Database*, 10/2009, www.imf.org/external/pubs/ft/weo/2009/02/weodata/index.aspx, accessed 1/24/2010; DoE, Energy Information Administration, *OPEC Revenues Fact Sheet*, 1/2010, www.eia.doe.gov/emeu/cabs/OPEC_Revenues/Factsheet.html, accessed 1/24/2010; and "Weekly Iraq Kirkuk Netback Price at U.S. Gulf," www.eia.doe.gov, accessed 1/12/2010.

Economic Governance

Oversight of Iraqi Oil Revenues

In August 2009, the UN Security Council endorsed a recommendation that Iraq assume greater oversight responsibility of the Development Fund for Iraq (DFI) from the International Advisory Monitoring Board (IAMB), whose mandate was to expire on December 31, 2009.

On December 21, 2009, the Security Council issued Resolution 1905, citing Prime Minister al-Maliki's request that the IAMB continue its oversight role over the DFI and extending the Board's mandate through December 31, 2010.[399] Resolution 1905 also calls on the GOI to formulate an action plan for the eventual transfer of DFI oversight, in accordance with auditing arrangements and debt obligations.[400]

FIGURE 3.21

EMPLOYMENT STATUS OF IRAQIS, BY AGE AND GENDER
Millions of People
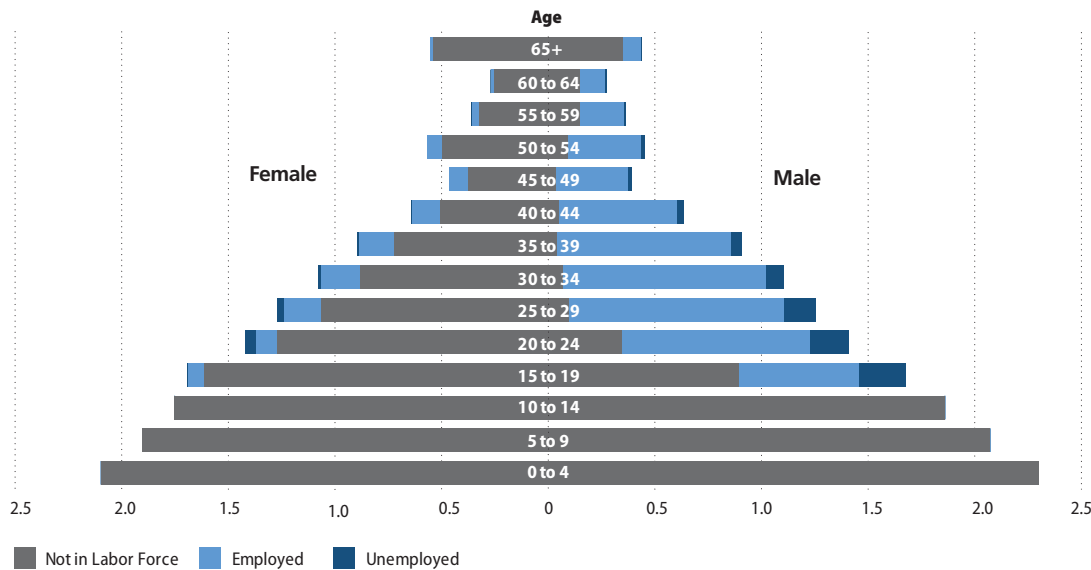
Source: COSIT, *Iraq Household Socio-Economic Survey*, 2008, pp. 34, 289.

New Investment Law

This quarter, the CoR passed an amendment to the National Investment Law that would open up ownership of land by foreign entities, and the amendment has moved from the National Investment Commission (NIC) to the Presidency Council for approval.[401] If ratified, the law could encourage greater foreign investment in real estate and construction by allowing investors to acquire land-use rights as well as ownership rights under very limited circumstances.[402] In addition, NIC announced that the government was seeking large-scale investments to build 500,000 low-income housing units.[403] Increasing the housing supply is a key GOI priority given Iraq's increasing population[404] and its chronic undersupply of residential housing units.[405] However, ambiguities in land ownership persist, and the effectiveness of the new law in promoting investment will lie largely in how well it is enforced.[406]

Private Sector Development

Agriculture

Agriculture constitutes approximately 8.4% of Iraq's GDP and provides employment for 12.3% of the total workforce.[407] This quarter, the ongoing shortage of water in much of the country[408] continued to undermine Iraq's ability to meet domestic demand for wheat, rice, and other food staples.[409] Despite some improvements in the amount of rainfall in parts of Iraq this quarter,[410] the U.S Department of Agriculture's Foreign Agricultural Service expects Iraq's 2009–2010 winter grain harvest to improve only slightly over last year's depressed yield, from 1.30 million tons[411] to 1.35 million tons,[412] or roughly 45% below normal production.[413]

Iraq's 2010 agricultural output (particularly in Iraq's northern provinces, which have few irrigation resources and rely heavily on rainfall)[414] will depend largely on whether precipitation in the first

months of the year returns to normal levels.[415] Even under normal conditions, Iraq is highly dependent on food imports.[416] Now two years into the drought, Iraq will again be forced to import more wheat, rice, vegetables, and fruits than it would otherwise.[417]

Public Distribution System

The damaging effects of the drought, the shortfall in domestic foodstuffs production, and the subsequent loss of income among farmers will likely be offset by Iraq's Public Distribution System (PDS).[418] With an estimated cost of $5.3 billion for 2009 (9% of the GOI budget), the PDS is the largest food-ration program in the world,[419] providing a safety net for approximately 2.8 million Iraqis who rely on the system for their basic sustenance.[420] The heavy subsidization of food staples is often cited as a factor in distorting commodity prices and discouraging domestic production and development of the agricultural sector.[421]

Efforts to reform the PDS, first announced in August 2008, have been slow and have produced limited results. In a survey published in the most recent UN World Food Programme (WFP) report on food security in Iraq, the vast majority of respondents oppose a proposal to transition the subsidy to a cash stipend, preferring the current basket of goods.[422] Iraqis often trade unused items from the PDS basket for other goods,[423] and would lose those tradable goods should the PDS be replaced with stipends. Major reforms are unlikely before the March 2010 parliamentary elections.[424] But this quarter, WFP and the Ministry of Trade (which administers the PDS) signed a memorandum of understanding calling for both parties to work to improve the PDS supply chain through capacity training, technology transfer, and increased technical assistance.[425]

In the 2009 GOI budget, the Ministry of Trade was requested to develop a plan to target the PDS to needy Iraqis and remove from the program families that earn the equivalent of approximately $1,300 or more per month.[426] The GOI has taken steps of its own recently, reportedly removing 73,000 government employees from the PDS roles

One of two tractors provided to farmers in Ninewa province by the area PRT. Local farmers, economically distressed by two consecutive years of drought, had resorted to selling their equipment to help offset lost income. (USF-I photo)

as part of a "downpayment" on reform.[427] DoS continues to encourage the GOI to make the system more effective through reform.[428]

U.S.-funded Initiatives

This quarter, the U.S. government continued its efforts to increase the output and efficiency of Iraq's agricultural sector. In November 2009, the year-old Green Mada'in Association for Agricultural Development (GMAAD) celebrated the opening of its new office and warehouse facilities in Mada'in Qada, east of Baghdad.[429] The not-for-profit cooperative, an initiative sponsored and overseen by the U.S. Department of Agriculture (USDA) and the local PRT, provides free technical assistance and fee-based mechanical field services (including plowing, tilling, and planting) and extends credit for seed and fertilizer to area farmers.[430] The project was initially funded with $5.77 million from DoS,[431] and follow-on work was funded by $4.5 million of the CERP, which has been used to install more than 600 drip irrigation systems and over 400 greenhouses in the community. This is the largest U.S.-funded agricultural project in Iraq,[432] with total membership of more than 800, growing at an average rate of 10% each month.[433]

USAID continued its work this quarter, spending $18 million in Iraq's agricultural sector through the Inma agribusiness development program.[434] Some examples of these recent investments include:[435]

- training 308 Iraqi farmers in aquaculture techniques
- establishing 6 greenhouse training centers that provide technical assistance in producing two annual crops from 2,600 greenhouses around Iraq
- sponsoring 35 industry roundtables and conferences on livestock, horticulture, irrigation, aquaculture, food service, and investment
- assisting to develop business plans for 60 agricultural businesses

Banking

Lending by private banks to Iraqi firms, as well as use of banking services by private citizens, has continued to increase.[436]

This quarter, the DoD Task Force for Business and Stability Operations (TFBSO) obligated $8.9 million from its Industrial Revitalization initiative for improving Iraq's banking and financial networks.[437] Ongoing activities include:[438]

- supporting the AMWAL financial services consortium and its distribution of Visa- and Mastercard-compatible point-of-sale devices in Iraq's major cities
- facilitating the establishment of an International Financial Services Association to help Iraqi banks with operations and governance standards, training, and best practices
- expanding the use of electronic funds transfer in Iraq

Currently, 43 banks operate in Iraq (7 of which are state-owned), with a total of approximately 760 branches.[439] The state-owned Rasheed and Rafidain Banks continue to dominate the Iraqi banking sector, with approximately 88% of deposits between them.[440] Most foreign banks have a presence in Iraq via partial ownership of standalone banks.[441]

The Trade Bank of Iraq (TBI) announced at the end of November that it had contracted with Thomson Reuters for services to access international foreign exchanges.[442]

FIGURE 3.22

IRAQ'S TRADE BALANCE
$ Billions
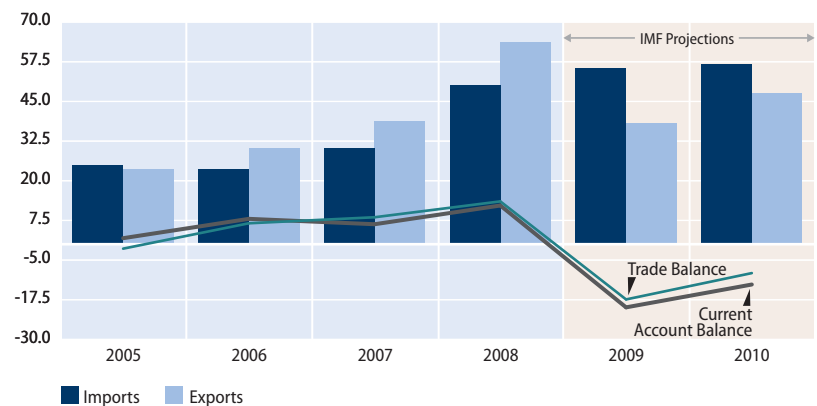
Source: IMF, *Regional Economic Outlook: Middle East and Central Asia*, 10/2009, pp. 55–57.

Foreign Direct Investment and Trade

The recent passage of amendments to the National Investment Law, a series of Iraq investment conferences in Baghdad and abroad, and the outcome of the second auction for oil-service contracts continue to stir foreign interest in Iraq.[443]

This quarter, businesses filed for 170 investment licenses—double the number filed last quarter—although many of those applications have yet to result in licenses being issued.[444] Some examples of large-scale investments in Iraq include:[445]

- Najaf Airport, a $40 million project funded largely by a Kuwaiti/UAE-based investment group
- a $120 million hotel in Baghdad's International Zone, funded by U.S. and Iraqi investors, currently under construction and scheduled for completion by summer 2011

This quarter, the International Monetary Fund (IMF) estimated that Iraq's current account balance would be negative for 2009.[446] If accurate, it would be the first year Iraq has run a trade deficit since 2005.[447] Iraq imports the majority of the foodstuffs and manufactured

6 years ago this quarter

International Trade Opens
The Trade Bank of Iraq, owned by the Ministry of Finance, commenced operations in November 2003. TBI was founded to enable Iraq's international trade following the expiration of the UN Oil for Food program.

goods it consumes, financing this trade primarily through the foreign exchange earnings gained from its oil exports.[448] For details on Iraq's trade balance, see Figure 3.22.

Women's Entrepreneurship

The U.S. government continued to support women's entrepreneurial activities in Iraq across a wide spectrum of fields and social classes. This quarter, the Congress provided $10 million in budget authority from the new ESF appropriation for the Iraqi Women's Democracy Initiative, to build professional networks between female business, government, and civil society leaders in Iraq and their counterparts in regional countries.[449]

In December 2009, Ambassador Hill designated approximately $200,000 from the Ambassador's fund for a women's employment project at a Kurdish Textile Museum.[450] The project is designed to promote self-sufficiency among Iraqi women by promoting weaving as a livelihood and preserving traditional handicrafts and weaving techniques.[451]

The Deputy Chief of Mission for Transition Assistance, Ambassador Haslach (back row, second from left), meets with local women involved in the DoS-sponsored employment initiative at the Kurdish Textile Museum in Erbil. (U.S. Embassy-Baghdad photo)

USAID's *Tijara* program had provided $34 million in micro-loans to 18,039 women as of mid-2009.[452] Further examples of ongoing U.S.-supported women's entrepreneurship include microfinance loan programs for women-owned businesses, training to promote literacy and computer skills, small-scale agricultural and animal husbandry projects, as well as textile and seamstress training workshops.[453] ◆

SIGIR OVERSIGHT

SECTION

4

COLLABORATIVE FORENSIC AUDITS/ INVESTIGATIONS INITIATIVE

SIGIR's Audits and Investigations Directorates are engaged in an array of proactive forensic audit and investigation initiatives that are identifying fraud, waste, and abuse. The analytic process is portrayed in Figure 4.1.

Public Law 108-106, as amended, requires that SIGIR prepare a final forensic audit report on all funding appropriated for the reconstruction of Iraq, which to date totals about $50 billion. Over the past two years, SIGIR has conducted a series of 19 audits of major reconstruction contracts that were intended, in part, to identify internal control weaknesses. Because such weaknesses provide opportunities for fraud, waste, and abuse, SIGIR used the results of these audits to develop targeted forensic auditing approaches to identify potential instances of wrongdoing.

A forensic audit is a systematic examination of the internal controls over a program's expenditures or other financial data to identify anomalies in individual transactions that may be indicative of fraud, waste, or abuse. This quarter, the SIGIR

Audits Directorate continued its review (Project No. 9005, begun in December 2008) of DoD appropriation, obligation, and expenditure transaction data related to Iraq relief and reconstruction. In March 2009, SIGIR expanded this initiative to include expenditures by the Department of State (Project No. 9012) and the U.S. Agency for International Development (Project No. 9013); both projects are underway. The objective of these projects is to examine the appropriateness of expenditures for Iraq relief and reconstruction.

SIGIR's approach combines automated data mining with standard audit and investigative techniques to detect problematic transactions and develop relevant evidence for use in administrative actions or civil or criminal fraud prosecutions. Matters most appropriately addressed by administrative resolution, such as cost disallowance and recovery, will be referred through audit reports to agency contracting officials for appropriate action. The forensic audit project is expected to lead to SIGIR follow-on efforts, products, and

FIGURE 4.1
FORENSIC AUDIT PROCESS

Source Data

Iraq Reconstruction Financial Data
(financial analysis of all DoD, DoS, and USAID transactions 2003–2008)

SIGIR Audit / Investigative Initiative
(targeting programs with weak internal controls that afford easy access to cash)

Focused Contract Audits
(audits that target costs, outcomes, and oversight of specific contracts and vendors)

Analysis

Anomaly Testing and Data Mining

Results

Identification of Anomalous Activity Indicative of Potential Fraud, Waste, and Abuse

Criminal Investigations, Resulting in Indictments/Convictions

Audits of Vendors Resulting in Recoveries and Addressing Internal Control Weaknesses

investigations. For example, the forensic audit has, to date, identified nearly $340 million in possible duplicate payments. While these anomalies were revealed during the course of our testing procedures, we expect that many of the transactions will prove to be proper. For example, multiple purchases of an item may have legitimately occurred on the same date. An examination of key documentation, such as invoices, receiving documents, and payment documentation will support conclusions on the validity of these transactions.

The SIGIR Audits Directorate and Investigations Directorate continue to expand the proactive joint effort that was started in January 2009. That effort focuses on Iraq relief and reconstruction programs that afford easy access to cash associated with weak controls over expenditures. SIGIR auditors and special agents are working with a number of federal agencies, such as the U.S. Treasury Department's Financial Crimes Enforcement Network (FinCEN) in furtherance of this effort. SIGIR auditors and investigators, in partnership with other federal law enforcement agencies, are examining thousands of documents to identify unusual or suspect financial transactions that may indicate fraud or corruption in the award and administration of Iraq relief and reconstruction contracts and grants. To date, SIGIR has opened 27 criminal investigations from this effort. The project has also provided support to criminal investigations that were already ongoing. ◆

SIGIR AUDITS

From October 31, 2009, to January 30, 2010, SIGIR issued five audits addressing a wide range of reconstruction issues. They included:

- A report on the Department of State's management of democracy grants to the International Republican Institute and the National Democratic Institute
- A report on the Department of State's management of a contract to DynCorp to support the police training program in Iraq
- A report on the cost, management, and outcome of contracts awarded to Wamar to provide vehicles and to repair and refurbish turbines
- A report updating SIGIR's forensic audit efforts
- A report addressing concerns about a contract to study future needs for the Iraq Reconstruction Management System (IRMS)

SIGIR currently has eight ongoing audits, and others are expected to start this quarter. SIGIR performs audit work under generally accepted government auditing standards.

For a list of these audit products, see Table 4.1.

Completed SIGIR Audits This Quarter

Wamar International Successfully Completed Contracts, but Unanticipated Problems Affected Costs and Schedules (SIGIR 10-007, 1/2010)

Introduction

SIGIR has a legislative requirement to prepare a final forensic audit report on amounts made available for Iraq reconstruction. To fulfill this requirement, SIGIR has undertaken audits examining major Iraq reconstruction contracts. The objective of these audits is to review the key requirements and

TABLE 4.1

SIGIR AUDIT PRODUCTS SINCE 10/31/2009

REPORT NUMBER	REPORT TITLE	DATE ISSUED
10-007	Wamar International Successfully Completed Contracts, but Unanticipated Problems Affected Costs and Schedules	1/2010
10-008	Long-standing Weaknesses in Department of State's Oversight of DynCorp Contract for Support of the Iraqi Police Training Program	1/2010
10-010	Department of State Contract To Study the Iraq Reconstruction Management System	1/2010
10-011	Iraq Reconstruction Funds: Forensic Audits Identifying Fraud, Waste, and Abuse—Interim Report #2	1/2010
10-012	Department of State Grant Management: Limited Oversight of Costs and Impact of International Republican Institute and National Democratic Institute Democracy Grants	1/2010

provisions of the contracts to determine contract costs, outcomes, and oversight, emphasizing issues related to vulnerabilities to fraud, waste, and abuse.

This audit focused on three contracts awarded to Wamar International, Inc. (Wamar): one indefinite-delivery/indefinite-quantity contract to purchase and deliver armored vehicles for U.S. and Iraqi forces and two firm-fixed-price contracts to inspect and repair turbine generators at power plants near Baghdad. The contracts were funded mostly from the Iraq Relief and Reconstruction Fund (IRRF), the Economic Support Fund (ESF), and the Iraq Security Forces Fund (ISFF). According to SIGIR's October 30, 2008 Quarterly Report, Wamar was in the top 10 of contractors receiving ESF funds: about $70 million had been obligated. The Joint Contracting Command-Iraq/Afghanistan (JCC-I/A) administered the contracts, and the U.S. Army Corps of Engineers, Gulf Region Division (GRD), provided contract performance oversight.

Results

SIGIR found that Wamar successfully completed the three contracts and that JCC-I/A and GRD

actively carried out their management and oversight responsibilities, though some management and contract problems affected costs and schedules.

The 2004 contract, competitively awarded to Wamar to purchase and deliver armored vehicles (W914NS-04-D-0121), was mostly successful, although eight vehicles were stolen, and other vehicles were delivered late. Wamar replaced the stolen vehicles at no cost to the government. At completion of the two-and-one-half-year contract in December 2006, Wamar had successfully delivered 245 armored vehicles to U.S. and Iraqi forces at a cost of $32.96 million. The cost of some vehicles increased because of changes in U.S. government requirements, including adding special features to the basic vehicle. Further, after the theft of the vehicles, the U.S. government decided to fly the vehicles into Baghdad to prevent further thefts at a cost of about $10,000 per vehicle. This added about $2.0 million to total contract costs.

The two contracts awarded to Wamar to inspect and repair six turbine generators (W9GXY-06-C-0050 and W9GXY-07-0014) were generally successful even though the work cost more and took longer to complete than planned. Contract documents revealed that the two inspection contracts were competitively awarded and that Wamar's proposals represented the best overall value to the U.S. government and to the Iraq Ministry of Electricity (MOE). However, costs under the first contract, awarded in 2006, increased from $24.01 million to $34.82 million, and the performance period for the inspections was extended from fall 2006 to September 2008. Costs under the second contract, awarded in 2007, increased from $14.92 million to $25.42 million, and the performance period for the inspections was extended from fall 2007 to September 2008. Cost and schedule changes were due mainly to unanticipated repairs identified during the inspections and a fire at one of the generators. Additionally, the MOE delayed contractor access for some inspections, which increased costs. These problems were out of the control of Wamar.

JCC-I/A and GRD actively and effectively carried out their management and oversight responsibilities on the inspection contracts and resolved the few contract performance and personnel problems that occurred. SIGIR identified some administrative and management problems, including GRD-prepared independent government estimates, which were overstated, and numerous JCC-I/A narrative and math errors on the first contract. At the time of this report, JCC-I/A had not financially closed out the contracts, nor had it located the contract files from which to conduct this closeout.

Recommendations

Previous SIGIR reports have included recommendations and/or lessons learned to address issues related to cost increases and schedule changes on Iraq reconstruction projects. The major issues identified in this report—changes in contract cost and schedules, and contract administration and project management—have been addressed. Accordingly, SIGIR includes no recommendations or lessons learned in this report.

Management Comments and Audit Response

SIGIR provided a draft of this report to responsible agencies for comment. Both the U.S. Army Corps of Engineers and JCC-I/A concurred with the report.

Long-standing Weaknesses in Department of State's Oversight of DynCorp Contract for Support of the Iraqi Police Training Program
(SIGIR 10-008, 1/2010)

Introduction

The Department of State (DoS) Bureau of International Narcotics and Law Enforcement Affairs (INL) contract with DynCorp International includes task orders to support DoD's Iraqi police training program. Under the task orders, DynCorp has provided police advisors and in-country support for those and other advisors. INL's Afghanistan,

Iraq, Jordan Support (AIJS) Division is primarily responsible for oversight of the DynCorp contract. SIGIR examined INL's oversight of the task orders because they cost over $2.5 billion, and INL has had a history of weak oversight of the task orders. Specifically, SIGIR examined: (1) the costs, funding, and award process for the largest and most recent task orders; (2) DoS oversight of the task orders; and (3) the status of INL's implementation of SIGIR's prior recommendations.

Results

INL continues to exhibit weak oversight of the DynCorp task orders for support of the Iraqi police training program. INL lacks sufficient resources and controls to adequately manage the task orders with DynCorp. As a result, over $2.5 billion in U.S. funds are vulnerable to waste and fraud. The In-country Contracting Officer Representatives (ICOR), who are critical to overseeing DynCorp's performance and expenditures under the current task order, do not perform adequate reviews and tests to ensure that: (1) the costs submitted by Dyn-Corp on invoices are allowable under the contract/task order, supported by appropriate documentation, and correct; (2) U.S. government property managed by DynCorp is adequately controlled; (3) lease agreements negotiated on behalf of the U.S. government protect the U.S. government's interests; and (4) the government receives the services at the performance standards specified in the task order. As DoS takes responsibility for the police training program from DoD in 2011 and DoS continues to oversee contracts costing the American taxpayers hundreds of millions of dollars, it will be critical for DoS to have in place effective management and controls of those contracts to ensure that U.S. funds are effectively and efficiently spent.

Inadequate resources and controls are not new problems. As early as 2005, INL was told that its staffing had not increased commensurate with its workload and that it needed to strengthen its oversight of the contracts for Iraq and Afghanistan. In 2007, INL was again told that its poor oversight of

the contract for Iraq had put millions of dollars at risk. In a hearing and in responses to audit reports, INL officials have repeatedly stated they recognized the problems and had initiatives to increase staff and improve management and oversight of the contract for Iraq. However, INL has fallen far short on those initiatives.

INL stated that it plans to increase the number of ICORs in Iraq to 11; there were 3 in November 2009. However, SIGIR believes the ICORs need additional guidance to clearly specify their responsibilities and more oversight to determine what they are or are not doing. Until that guidance is developed and implemented, INL is in no position to accurately determine how many additional ICORs it needs. SIGIR believes that more than 3 ICORs are needed but does not believe INL has demonstrated it needs 11.

Because of weak oversight of the DynCorp contract in Iraq from its start in 2004, INL is reconciling all historical invoices. Although SIGIR was told in October 2007 that the reconciliation effort would take 3 to 5 years to complete by a full complement of 11 personnel, the reconciliations will likely take longer because INL has not fully staffed the effort. In addition, reconciliation efforts have been adversely impacted by high error rates on invoices and poor or missing support documentation. Moreover, the workload will likely increase because of the problems found with the current invoice review process.

Recommendations

Because weak contract administration and oversight have been long-standing issues that INL has not corrected, SIGIR recommends that

1. the Deputy Secretary of State for Management and Resources direct an immediate examination of the Afghanistan, Iraq, Jordan Support Division's personnel and operations to determine if the Division is structured, staffed, and managed to effectively and efficiently oversee the contracts under its responsibilities.

2. Until such an examination can be conducted, SIGIR recommends that the Assistant

Secretary, INL, direct the Chief of AIJS to develop detailed guidance for ICORs, assign specific responsibilities to each ICOR, determine how many ICORs are needed in Iraq to accomplish assigned responsibilities, and staff the invoice reconciliation effort to validate historical invoices within the next two years.

Management Comments and Audit Response

INL agreed with SIGIR's recommendations. It did not agree with SIGIR's position that $2.5 billion in U.S. funds are vulnerable to waste and fraud. Because of the serious control weaknesses identified in this and prior audits, SIGIR maintains its position.

Department of State Contract To Study the Iraq Reconstruction Management System (SIGIR 10-010, 1/2010)

Introduction

In late 2004, the U.S. Army Corps of Engineers Gulf Regional Division (GRD) and the Project and Contracting Office developed the Iraq Reconstruction Management System (IRMS). The IRMS was originally intended to be a data base for projects funded by the IRRF. However, through the years, data has been added from ISFF projects, Commander's Emergency Response Program (CERP) projects, and ESF projects.

SIGIR's last IRMS report was issued in July 2008 and was intended to assess the overall data system management, policies, procedures, uses, and benefits.[454] However, in the course of conducting the review, SIGIR learned that GRD was preparing a draft plan for the future of the IRMS. As a result, SIGIR stopped its review and issued a report to alert the Embassy and GRD of certain issues that needed to be addressed.

Foremost, SIGIR pointed out that when the IRMS was initiated in 2004, it had a design life of five years (completing in 2009). A life-cycle maintenance program was not implemented, and

the system, then in its fourth year of operation, was becoming operationally unreliable and unstable. SIGIR also reported that the IRMS had had few system upgrades, and many of its critical system components were no longer under warranty. In some cases, the manufacturer no longer supported the system. SIGIR recommended that the U.S. Ambassador to Iraq and the Commanding General, Multi-National Forces-Iraq, jointly direct the establishment of an interagency planning process to address the future operation and use of the IRMS.

In written comments on a draft of SIGIR's July 2008 report, GRD stated that it had authorized one of its contractors to conduct a study of the IRMS and that the study would consider factors such as the system's age, compatibility of hardware platforms, and software and network infrastructure. The study would also provide GRD with recommendations for the future needs of stakeholders.

DoS did not respond to the July 2008 draft report until December 20, 2008, but concurred with all the report recommendations. In the response, the U.S. Ambassador appointed the Iraq Transition Assistance Office (ITAO) as the executive agent for the IRMS. In addition, the Ambassador stated that the recommendation regarding current and future system requirements of stakeholders and the need for a common operating picture was particularly important.

As of November 2009, neither GRD nor ITAO had developed the plans they had committed to in their formal comments to SIGIR's draft report.

Results

SIGIR believes that the long delay in taking action to improve IRMS has largely negated any potential benefits from improving or developing a replacement for IRMS. About 95% of the funds appropriated for the reconstruction of Iraq to date have been spent, and the need for an improved management information system for the remaining funds is likely to be marginal. Additionally, the plan to turn IRMS hardware and software over to the Government of Iraq has been dropped. Given

this, investing $5 million for a replacement system that will not be available until October 2010 at the earliest will not likely provide any meaningful improvements or benefits to either the Embassy or any other IRMS users. Moreover, the principal agencies that will be involved in reconstruction beyond October 2010 have existing systems that can track reconstruction activities.

Recommendations

SIGIR recommends that, absent information showing the need to develop a replacement system for the IRMS, the U.S. Ambassador to Iraq direct that the Iraq Transition Assistance Office cancel that part of the contract with Enterprise Information Systems to develop a new web-based system to replace Iraq Reconstruction Management System.

Management Comments

The Embassy stated that it did not concur with SIGIR's recommendations. It believes it should continue the contract because it "hopes to get a fresh perspective from [Enterprise Information Systems] and the possible directions ITAO can take on the future of the IRMS information." Although SIGIR continues to believe that the primary purpose of the contract was the development of a new system, we do recognize that developing a course of action for IRMS information is important. Therefore, SIGIR modified its draft recommendation to make clear that unless the information gathered under the contract provides some sound reasons to continue IRMS, SIGIR continues to believe that the Embassy should cancel the remaining system development tasks.

Iraq Reconstruction Funds: Forensic Audits Identifying Fraud, Waste, Abuse—Interim Report #2
(SIGIR 10-011, 1/2010)

Introduction

Public Law 108-106 requires SIGIR to prepare a final forensic audit report on all funding appropriated for the reconstruction of Iraq, which to date totals over $50 billion. This interim report presents the results of SIGIR's ongoing forensic auditing program, including an update on the review of agency expenditures and an update on SIGIR's efforts to identify questionable financial activity. The report also presents information on data-mining methodology and discusses the metrics SIGIR is using to measure progress. SIGIR is reporting results quarterly, and a final cumulative report will eventually address all available reconstruction funds.

SIGIR's first report summarized the results of a series of audits of major reconstruction contracts that were intended, in part, to identify internal control weaknesses. Because such weaknesses provide opportunities for fraud, waste, and abuse, SIGIR has used the results from these audits to develop targeted forensic auditing approaches to identify instances of possible wrongdoing.

SIGIR continues its forensic review of DoD, DoS, and USAID expenditures. These reviews systematically examine Iraq reconstruction program expenditures to identify anomalies in transactional data that may indicate fraud, waste, or abuse. SIGIR's approach combines automated data mining with standard audit and investigative techniques to detect questionable transactions and develop relevant evidence for use in administrative actions or civil or criminal fraud prosecutions.

SIGIR has also initiated a review of Iraq reconstruction program areas known to have weaknesses in internal controls. This effort focuses on programs that afford easy access to cash with weak controls over expenditures.

Results

Since the last report, SIGIR has reviewed an additional 51,000 transactions valued at $17.3 billion, bringing the total transactions reviewed to 73,000 transactions valued at $28 billion. SIGIR continues to identify numerous anomalous transactions, including payments that may be duplicates, payments to possibly fictitious or generic vendors, notable variances in payment activity, payments

occurring prior to or on the date of invoice, and oddly sequential contractor invoices. SIGIR also identified payments to firms with what appear to be fictitious addresses and payments to possibly suspended or debarred contractors. To date, SIGIR has identified almost $340 million in transactions, involving approximately 800 vendors, that require additional investigation.

SIGIR is in the process of determining whether any of the anomalous transactions are actually fraudulent or improper, by examining the transactions and reviewing relevant contract file documentation. Due to the number of transactions that must be examined, SIGIR is prioritizing work using risk factors such as transaction type, amount, and prior history of questionable activity. A SIGIR forensic audit team is currently focusing on possible duplicate payments associated with DoD expenditures.

In addition, a SIGIR initiative that focuses on programs that afford easy access to cash associated with weak controls over expenditures continues to identify instances of questionable activity. As a result of this effort, to date SIGIR has opened 27 criminal investigations involving 36 subjects. Detailed information regarding ongoing criminal investigations will not be presented in these reports.

The results of SIGIR's forensic audit efforts will generally be reported in the aggregate and specific findings will be included where appropriate and useful. We are also providing lessons learned that can be applied to other contingency operations, such as in Afghanistan.

Recommendations

SIGIR makes no recommendations in this report; this is an informational report only.

Management Comments

Because this audit report does not contain recommendations, management comments were not required.

Department of State Grant Management: Limited Oversight of Costs and Impact of International Republican Institute and National Democratic Institute Democracy Grants
(SIGIR 10-012, 1/2010)

Introduction

This report addresses the Department of State's Bureau of Democracy, Human Rights, and Labor (DRL) management of 12 grants issued between 2004 and 2009, valued at approximately $248 million, to the International Republican Institute (IRI) and the National Democratic Institute (NDI) for democracy-building activities in Iraq. SIGIR's objective for this report is to examine the DoS's oversight of the costs and outcomes of IRI and NDI democracy-building grants in Iraq.

Results

DRL does not have documentation on whether the IRI and NDI grants are meeting their goals and whether the grant money is being used in the most effective and efficient manner. While IRI and NDI state they have assessed the impact their grants have had in achieving grant objectives, DRL has not required that IRI and NDI provide these assessments in progress reports, as required by the grant agreements. A DRL program official stated that DRL recently hired a specialist to improve the evaluation process and determine methods to measure impact of the grants.

During SIGIR's review of the costs for seven grants, SIGIR found that only 41% of the grant funds reviewed were actually spent on direct program activities. More than 60% of IRI's expenditures and almost 50% of NDI's expenditures were for security and overhead costs; mostly security. NDI spent almost one-third of its funds on security, and IRI spent more than one half of its funds on security. Thus, only approximately $47 million of the approximately $114 million was spent on direct program activities. SIGIR notes that the level of security expenditures for a grant

is a case-by-case decision and should be based on a cost and benefits analysis. Absent such analysis, there is no basis to assess the appropriateness of security costs.

Current DRL officials could not explain why the apparent risks associated with these grants, as evidenced by the high security costs, were accepted because they were not assigned to manage these grants until after they had been awarded. They noted, however, that DRL received direction from the Congress to ensure grant activities occurred. Nevertheless, the officials explained that DRL does not have a set formula to gauge an appropriate level for security costs per grant, and shifting circumstances may dictate security requirements.

SIGIR also found that DRL's oversight of IRI and NDI grants is limited. First, DRL manages the grant program from Washington, D.C., which limits its face-to-face interaction with grantee personnel in Iraq and impacts insight into grantee activities. Second, DRL does not require that progress reports follow guidelines established by DRL in grant agreements. For example, grantees are encouraged to submit progress reports that identify the level and type of activities conducted for the period along with supporting documentation to provide evidence that activities occurred. NDI included supporting documentation in 22 of the 23 reports it submitted; IRI included supporting documents for only 3 of the 29 reports it submitted. Moreover, progress reports did not provide expenditure data by objective, as suggested in the grant. IRI and NDI submitted quarterly financial reports identifying total expenditures, but the reports do not break down expenditures into categories such as security or training. Although relevant guidance does not require such detailed data, the information would benefit DRL's oversight of the program.

Recommendations

SIGIR recommends the U.S. Secretary of State improve DRL oversight of grants by directing DRL to:
1. review and document the reasonableness of grantee budgets for activities not directly associated with executing grant objectives, to include security and other indirect costs, as well as the costs versus benefits of awarding grants with significant non-direct program costs;
2. request for current grants and require for future grants that grantees report quarterly expenditures on major cost categories; and
3. assess the appropriateness of establishing a program manager position in Iraq versus maintaining democracy advisors as DRL representatives in Iraq.

SIGIR also recommends that the Deputy Secretary of State for Management and Resources direct an examination of DRL's personnel and operations to determine if the Bureau is structured and staffed to effectively and efficiently oversee the grants under its responsibility.

Management Comments

DRL concurred with three of the draft report recommendations but did not concur with a draft recommendation that it amend grant agreements to require grantees to report quarterly expenditures on major cost categories. DRL stated that formal amendments to current grants, as well as expired grants, may not be useful, but they will request this of grantees receiving future grants. SIGIR modified this recommendation related to cost category reporting to reflect the DRL comment.

Ongoing and Planned Audits

SIGIR primarily conducts performance audits that assess the economy, efficiency, effectiveness, and results of Iraq reconstruction programs, often with a focus on the adequacy of internal controls and the potential for fraud, waste, and abuse. This includes a series of focused contract audits of major Iraq reconstruction contracts, which will support SIGIR's response to congressional direction for a "forensic audit" of U.S. spending associated with Iraq reconstruction.

Ongoing Audits

SIGIR is currently working on these audits:

- Project 1006: Audit of Transaction Data for the Development Fund for Iraq
- Project 1004: Audit of the Sons of Iraq Program
- Project 1003: Audit of the Status of the Iraq Security Forces Fund
- Project 9030: Audit of Plans To Transition and Maintain Iraq Reconstruction Contract Files to Permanent Storage Facilities
- Project 9028: Audit of the Program Management Practices for the Iraqi Police Training Program
- Project 9026: Audit of the Commander's Emergency Response Program Projects within the Baghdad International Airport Economic Zone
- Project 9023: Audit on Projects To Develop the Iraqi Special Operations Forces
- Project 9019: Audit of Efforts Under a Stanley Baker Hill Contract To Address Deficiencies in U.S.-funded Health Projects
- Projects 9005, 9012, and 9013: Audits of Appropriation, Obligation, and Expenditure Transaction Data Related to Iraq Relief and Reconstruction of the Department of Defense, Department of State, and the U.S. Agency for International Development

Planned Audits

SIGIR's audit planning is aligned with three key goals contained in its strategic audit plan:

- improving business practices and accountability in managing contracts and grants associated with Iraq reconstruction
- assessing and strengthening the economy, efficiency, and effectiveness of programs and operations, designed to facilitate Iraq reconstruction
- providing independent, objective leadership and recommendations on policies designed to address deficiencies in reconstruction and stabilization efforts in Iraq

SIGIR's strategic plan recognizes the legislative mandate to complete a forensic audit report on all amounts appropriated or otherwise made available for Iraq reconstruction. As part of that effort, SIGIR has completed 17 focused contract audits dealing with outcomes, costs, and the oversight associated with major reconstruction contracts in Iraq, as well as vulnerabilities to fraud, waste, and abuse. Additional contract audits are ongoing, and others are planned. These audits will increasingly focus on contracts funded by the ISFF and ESF.

SIGIR also is turning more of its resources to its forensic auditing initiatives and has published its second report on these efforts. Moreover, to continue to provide leadership and recommendations on policies designed to address deficiencies in reconstruction and stabilization efforts in Iraq, SIGIR will address issues related to the downsizing of the DoD presence in Iraq and the transition of reconstruction activities to DoS.

SIGIR Audits: 2004–2009

Since 2004, SIGIR has published 160 audit reports addressing a wide range of topics, such as oversight of contracts and specific reconstruction programs, as well as the cost and oversight of protective services contractors. Throughout its tenure, SIGIR audits have identified serious deficiencies in the management of contracts and reconstruction activities; made recommendations to improve economy and efficiency of U.S. operations and make activities less vulnerable to fraud, waste, and abuse; and provided lessons learned for use in other major reconstruction endeavors.

Much of SIGIR's audit results can be attributed to its significant and permanent presence in Iraq. This presence has enabled SIGIR to provide real-time audits—often starting and completing within six months—that address critical reconstruction issues. SIGIR's in-country audit activities also enable face-to-face communications and relationship building with DoD, DoS, and Iraqi officials and provide an in-depth and historical knowledge of the reconstruction program in the country.

SIGIR has worked proactively with previous and current U.S. ambassadors and commanding generals, providing insights on issues that need to be addressed. For example, in August 2009, SIGIR provided the commanding general and the U.S. ambassador information regarding areas that needed to be dealt with to ensure a smooth transition as reconstruction management shifts from DoD to DoS, as U.S. presence downsizes, and as the ministerial capacity of the Government of Iraq (GOI) increases.

External confirmation of SIGIR Audits' capabilities and commitment to professionalism occurred this past year as SIGIR underwent and passed the Council of Inspectors General on Integrity and Efficiency-mandated external peer review of its system of quality control. SIGIR received a clean opinion. SIGIR's peer review for the year ending July 31, 2009, was conducted by the National Science Foundation's Office of Inspector General in accordance with Government Auditing Standards and guidelines established by the Council of Inspectors General on Integrity and Efficiency. On November 20, 2009, Allison C. Lerner, Inspector General of the National Science Foundation, wrote, in pertinent part,

> In our opinion, the system of quality control for the SIGIR audit organization in effect for the year ended July 31, 2009, has been suitably designed and complied with to provide SIGIR with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Federal audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. SIGIR has received a peer review rating of pass…

This review found that SIGIR audits met all the requirements of Generally Accepted Auditing Standards as identified by the Comptroller General of the United States. SIGIR's Audits Directorate continues to monitor and oversee U.S. reconstruction activities in Iraq.

Audits Have Addressed Major Issues and Recommended Numerous Improvements in the Management of Reconstruction Activities

In the course of its work, SIGIR has identified broad recurring issues that were the key contributing causes to the deficiencies noted in the body of SIGIR's audits and lessons learned, which could be applicable to reconstruction in other contingency operations. Moreover, SIGIR has made 399 recommendations to improve reconstruction activities in Iraq, which encompass a wide array of management issues. Management has already agreed to and implemented 269 of these recommendations.[455] When taken together, this information provides an important starting point for managing reconstruction activities in a contingency environment.

To illustrate, in July 2008, SIGIR issued an audit report that identified four persistent issues affecting the management of reconstruction activities in Iraq:[456]

- **The need to better understand the problems associated with implementing reconstruction programs in an unstable security environment.** For example, security issues and their costs were often not adequately taken into consideration in designing and implementing reconstruction activities and estimating costs.
- **The impact of not having an integrated management structure to provide clear lines of authority on program coordination and successful delivery of projects.** The lack of such unity of command led to situations where the U.S. government could not determine the full extent of all agencies activities on a single issue such as anticorruption or capacity development.
- **The importance of anticipating staffing needs and reducing staff turnover.**
- **Recognition of how essential working closely with host governments is to the long-term success of U.S. investments in reconstruction projects.**

Additionally, SIGIR audits of contracts have pointed out numerous areas where contract management needed to be improved to provide better economy and efficiency and make the contract less vulnerable to fraud, waste, and abuse.

In response, SIGIR made recommendations to deal with these management problems. In a number of cases a single recommendation addressed more than one of the issues outlined above. To illustrate, SIGIR has provided:

- more than 150 recommendations to improve program management, including the need to adequately staff offices and reduce staff turnover
- more than 70 recommendations to improve interagency coordination and cooperation and to better share information
- more than 160 recommendations to improve oversight of contracts and contractors to encourage economy and efficiency and minimize the potential for fraud, waste, and abuse
- more than 150 recommendations to improve accountability and internal control weaknesses, such as inadequate review of contractor invoices, inadequate contractor oversight, missing or incomplete documentation of contract actions, and inadequate staffing
- more than 30 recommendations to work more closely with the GOI in areas such as designing and transferring projects to improve the prospects that the GOI will sustain U.S.-funded facilities and programs so that U.S. efforts will not be wasted

Additionally, SIGIR has provided recommendations to improve the management, efficiency, and outcome of essential, high-cost programs that will continue even as the U.S. reconstruction effort in Iraq scales back:

- SIGIR has issued seven reports and made 19 recommendations addressing the need to improve the management of the CERP. This $3.65 billion program authorizes U.S. field commanders to use these funds to respond to relief and reconstruction requirements that immediately assist indigenous populations and achieve focused effects.
- SIGIR has issued, to varying degrees, more than 25 reports—one this quarter—on U.S. efforts to develop functioning Iraqi Security Forces. This effort takes on increasing importance as the U.S. military footprint decreases and now that the principal agency created to implement this goal—the Multi-National Security Transition Command-Iraq—has been subsumed into the U.S. Forces-Iraq. SIGIR has made 54 recommendations regarding ministerial capacity development, oversight of weapons provided the ISF, asset transfer, use of CERP funds, anticorruption efforts, and other topics, including logistics, maintenance responsibilities, and security forces personnel training.

With the implementation of SIGIR's audit recommendations, agencies have made progress in improving their operations:

- DoS has made progress in its efforts to organize and implement an anticorruption program in Iraq.
- DoD improved its support for Iraq's ability to maintain and repair small arms issued to its security forces through a centralized armoring facility.
- DoD has improved the oversight and use of contractors in the Iraq reconstruction program.

Nevertheless, agencies have yet to implement a number of SIGIR recommendations addressing important issues. For example,

- **As early as 2006, SIGIR identified the need for greater coordination among agencies providing reconstruction assistance.** In January 2006, SIGIR recommended that the Commanding General, Multi-National Force-Iraq, direct program managers and subordinate commands to "coordinate plans and funding for the sustainment of large CERP construction projects and projects that have strategic value with DoS."[457] That recommendation remains open,

and SIGIR continues to find examples of activities being conducted without coordinating with other U.S. assistance agencies.

- **DoD has yet to implement a number of recommendations to improve the management of ISFF to develop the ISF.** For example, as early as October 2006, SIGIR noted deficiencies in the planning and implementation of Iraqi police and military training programs and recommended that DoD identify Iraqi local and national police forces logistics personnel and Iraqi Army logistics personnel requirements and formulate a plan for training these personnel. Out of the 54 recommendations noted above, 24 remain open.
- **DoD also has yet to implement 13 of the 19 recommendations to improve management of the CERP program.** As such, problems continue in maintaining complete project records, in developing clear and precise criteria to select projects, and in transferring and sustaining large-scale projects.

SIGIR recommendations to improve the processes to transfer U.S.-built facilities to the GOI have also not been fully implemented; six of the ten recommendations remain open and deal with important issues, such as:

- establishing a single uniform process for the various agencies transferring completed reconstruction projects to the GOI
- completing an assessment of the GOI's capacity to maintain the transferred assets
- developing a plan, based on the assessment of GOI's capacity, to develop GOI's capacity to maintain transferred capacity.

SIGIR also continues to identify specific instances where GOI sustainment of projects is at risk. All SIGIR audit reports can be found on the SIGIR website: www.sigir.mil.

SIGIR Audits Have Had Major Impacts

SIGIR's audits have had major financial and non-financial impacts in improving the management of reconstruction programs in Iraq. Through January 31, 2010, SIGIR audits saved and recovered about $81.79 million and improved the use of $229.72 million in taxpayer funds (See Figure 4.2). SIGIR also challenged payments of $14.74 million, including possible duplicative payments, overpayments, or payments for work that was not completed. Two-thirds of the funds saved emanated from recommendations regarding the equipment purchased for primary healthcare centers and the need for invoice review of the Iraqi police training program. SIGIR also determined that nearly $200 million in funding for the police training program could be put to better use elsewhere. SIGIR continues to document ways to save additional funds. ◆

FIGURE 4.2
IMPACT OF SIGIR AUDIT
$ Millions
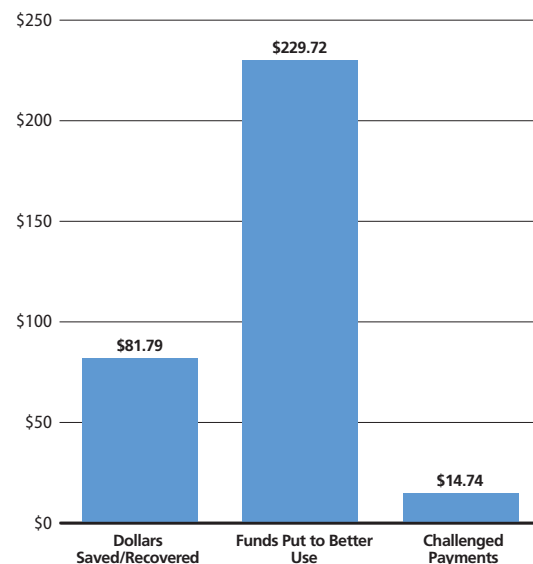
SIGIR INSPECTIONS

To date, SIGIR has completed 164 project assessments covering 152 project sites. This quarter, SIGIR completed five project assessment reports:

- Renovation of the Tomb of the Unknown Soldier
- Abu Ghraib Dairy
- Rabeaa Point of Entry Screening Facility
- Hammam Al Alil Division Training Center
- Hammam Al Alil Regional Training Center

These projects were funded by the Commander's Emergency Response Program (CERP), the Iraq Freedom Fund (IFF), and the Iraq Security Forces Fund (ISFF). Of the five assessments, one was a sustainment assessment, and four were in-progress construction assessments.

SIGIR's sustainment assessment focused on whether the projects delivered to the Iraqis were operating at the capacity planned in the original contract or task order objective. To accomplish this, SIGIR determined whether the projects were at planned capacity when accepted by the U.S. government, when transferred to Iraqi operators, and during the assessment. In addition, SIGIR determined whether sustainability was adequately planned for and whether it is likely to continue.

SIGIR's in-progress construction assessments addressed these general questions:

- Were the project components adequately designed before construction or installation?
- Did the construction or rehabilitation meet the standards of the design?
- Were the contractor's quality control and the U.S. government's quality assurance programs adequate?
- Were project sustainability and operational effectiveness adequately addressed?
- Were the project results consistent with the original objectives?

Since the Inspections program began four years ago, SIGIR has also completed 96 limited on-site inspections and 846 aerial assessments.

Security continues to improve in Iraq, though the risk of violence still exists. SIGIR's ability to conduct on-site assessments of reconstruction projects continues to be facilitated by the transportation, security escort, and life support provided to it by U.S. Forces-Iraq (USF-I) and the Gulf Region District and local project offices of the U.S. Army Corps of Engineers (USACE). While it has not been possible for SIGIR inspection teams to spend as much time on site at some of the project locations as would be possible for locations in the United States, every effort has been made to enable and assist SIGIR inspections.

TABLE 4.2

FIVE PROJECTS ASSESSED THIS QUARTER

$ Thousands

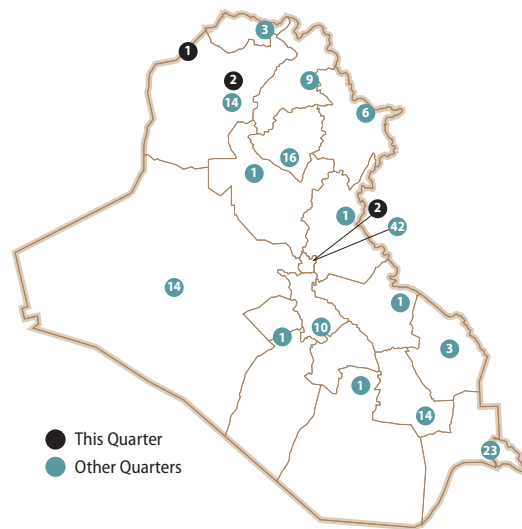| PROJECT NAME	ASSESSMENT TYPE	PROVINCE	BUDGETED COST	EXECUTING AGENCY	FUNDING SOURCE	CONTRACTOR	GRD REGION
Renovation of the Tomb of the Unknown Soldier	Sustainment	Baghdad	$1,741	MNC-I	CERP	Bennett, Fouch, and Associates	Central
Abu Ghraib Dairy	Construction	Baghdad	$3,400	TFBSO	IFF	Al Balagh Investments	Central
Rabeaa Point of Entry Screening Facility	Construction	Ninewa	$3,110	GRN	ISFF	Biltex Construction Company	North
Hammam Al Alil Division Training Center	Construction	Ninewa	$3,574	GRN	ISFF	Local	North
Hammam Al Alil Regional Training Center	Construction	Ninewa	$5,029	GRN	ISFF	Local	North

Results of this quarter's assessments were similar to SIGIR's findings in previous sustainment and construction assessments:

- Long-term operations and maintenance practices were not always being accomplished.
- Proper design plans and QA/QC oversight were negatively impacting construction.
- Routine maintenance was not always being performed.

For a list of the project assessments that SIGIR completed this quarter, see Table 4.2. For a complete list of project assessments from previous quarters, see Appendix E.

Figure 4.3 shows the approximate location of each project assessed this quarter and in previous quarters.

SIGIR Project Assessments

This section provides summaries of SIGIR project assessment reports completed this quarter. For the full reports, see the SIGIR website, www.sigir.mil.

Renovation of the Tomb of the Unknown Soldier, Baghdad, Iraq
SIGIR PA-09-168

The objective of this $1.74 million CERP-funded project located in Baghdad was to fully renovate the Tomb of the Unknown Soldier monument and provide the Iraqi Military Honor Unit with ceremonial uniforms. At the time of SIGIR's inspection, the project was complete and had been turned over to the Iraqis in 2006; however, the Iraq Reconstruction Management System (IRMS) listed the "Tomb of the Unknown Soldier" project as 75% complete.

Findings

After the fall of the Saddam Hussein regime in 2003, an important monument in Baghdad, the Iraqi Tomb of the Unknown Soldier, was looted

FIGURE 4.3
PROJECT ASSESSMENTS

● This Quarter
● Other Quarters

Approximate locations of projects assessed this quarter and location by province of previous quarters' assessments.

Interior of the Tomb of the Unknown Soldier.

and damaged. In 2006, the U.S. military awarded a contract under the CERP to fully renovate the landmark and provide the Iraqi Military Honor Unit with ceremonial uniforms.

Minaret at the Tomb of the Unknown Soldier.

Faulty step work at the Tomb of the Unknown Soldier.

SIGIR determined that the project file did not contain all documentation required by the contract and applicable CERP guidance, such as payment documentation and quality assurance reports. The lack of payment documentation resulted in confusion as to the amount of CERP funding disbursed for this project. Eventually, Multi-National Corps-Iraq representatives researched the Army's Standard Finance System and found that the actual amount paid to the contractor was $1,740,772.

In addition, without quality assurance reports and project photographs, SIGIR could not determine the contractor's construction practices during the course of the project, the actual amount of work completed, or the condition of the project when it was completed.

The contract required installation of an oil proofing system to ensure that the fountain did not leak. This system was not installed, nor were damaged tiles replaced. The contract also required sodding of all garden sections with St. Augustine grass and planting of date palm trees, which was not done.

A summary of disbursements for the work performed indicates that on January 10, 2007, the civil works and landscaping portions of this project were determined to be 100% complete and that the contractor was paid the entire $476,000 for civil works and $155,000 for landscaping. Because the contract statement of work (SOW) did not break down the individual cost of each civil works and landscaping element, SIGIR could not determine the actual value the contractor was paid for work not performed. Further, the summary of disbursements confirmed that the contractor was paid $300,000 for uniforms and ceremonial weapons; however, the project file lacked documentation to verify the number of uniforms and ceremonial weapons provided to the Iraqi Military Honor Unit.

Based on SIGIR's site visit, review of available project file documentation, and discussions with Honor Unit personnel, SIGIR determined that although the project did not meet all the standards specified in the contract's SOW, the Iraqi Tomb of the Unknown Soldier has been significantly improved by the renovation project.

Recommendations

SIGIR recommends that the Commanding General, Multi-National Force-Iraq (MNF-I), take these actions:

1. Update this project in IRMS with the most current information. Updates should include percentage complete, total construction cost, and date of completion.
2. Determine the value of contract-required work not performed and goods not provided by the contractor and recover this amount from the contractor.

Management Comments

SIGIR received comments on its draft report from the MNF-I concurring with the recommendations in the report. MNF-I also provided technical comments for clarification.

Evaluation of Management Comments

MNF-I comments addressed Recommendation 1. MNF-I's response to Recommendation 2 was that the contractor performed work for all of the $1,740,772 it was paid. However, SIGIR noted civil work and landscaping work not performed by the contractor for which payment was made, as well as lack of documentation for the number of uniforms and ceremonial weapons provided to the Iraqi Military Honor Unit. SIGIR revised Recommendation 2 and requested MNF-I determine the value of contract-required work not performed and goods not provided by the contractor and recover this amount from the contractor.

Abu Ghraib Dairy, Abu Ghraib, Iraq
SIGIR PA-09-172

The overall objective of this $3.4 million Iraq Freedom Fund project was to rebuild the Iraqi State Company for Dairy Products–Abu Ghraib Dairy factory's production capability, satisfy the local market, and support the Ministry of Education's school nutrition program of providing Iraqi school children with pasteurized milk.

Findings

Equipment to reconstitute powdered milk, purchased by the then-Saddam Hussein government

Entry door at the Abu Ghraib Dairy.

in 2002, had been sitting idle because the Iraqi State Company for Dairy Products did not have the funding to construct a building to house and operate the equipment.

A cooperative agreement, funded by the U.S. Task Force for Business and Stability Operations (TFBSO), to construct a building and to set up and operate the milk line equipment was entered into by the Joint Contracting Command-Iraq/Afghanistan and the State Company for Dairy Products. SIGIR's review disclosed that the contractor's design drawings lacked significant details for water supply and treatment and sewage treatment. In addition, SIGIR identified significant deficiencies in the building's structural integrity.

On April 12, 2009, SIGIR visited the project site, which was approximately 30% complete. SIGIR observed construction deficiencies, such as inadequately protected anchor bolts, improper concrete masonry construction, poorly constructed floor slab, and deformation of several of the roof trusses.

SIGIR immediately brought these concerns to the attention of TFBSO representatives who promptly engaged the services of the USACE Gulf

Welding work at the Abu Ghraib Dairy.

Inferior welds at the Abu Ghraib Dairy.

Region Division (GRD) to provide oversight of the contractor's corrective actions. GRD is determining the acceptability of proposed corrective actions and verifying implementation.

SIGIR, however, remains concerned about the state of the milk line equipment and whether it will be operational after sitting idle in a warehouse for more than seven years.

Lessons Learned

A significant number of issues negatively affecting this project are a direct result of the use of a cooperative agreement versus a standard construction contract and the initial lack of U.S. government oversight. The cooperative agreement did not provide specific requirements to the contractor regarding design submittals and specifications, warranty clauses, and quality control; nor did it require the U.S. government to review the design submittals and specifications for accuracy and completeness or to provide construction oversight via a quality assurance program. The lack of design submittals and specifications review allowed the contractor to begin construction with an inadequate design that lacked significant details while the lack of quality assurance allowed the contractor to continue

construction without being required to correct deficient work.

Following discussions with SIGIR, TFBSO realized the above-mentioned limitations of the cooperative agreement and the impact of limited oversight of a construction project. Consequently, TFBSO representatives stated that when they recently awarded a contract for an open air market in Basrah, the contract contained specific requirements for design submittals and specifications. In addition, construction oversight will be enforced through the use of an external entity, such as USACE GRD, to promote quality construction.

Recommendations

SIGIR recommends that USACE take these actions:
1. Continue oversight of the contractor's corrective actions.
2. Work with the contractor to develop specific details with respect to site utilities.

SIGIR also recommends that TFBSO continue to work with the Abu Ghraib Dairy Director General to determine the status of missing equipment and the award of the contract to install and commission the milk line equipment.

Improper masonry work at the Abu Ghraib Dairy.
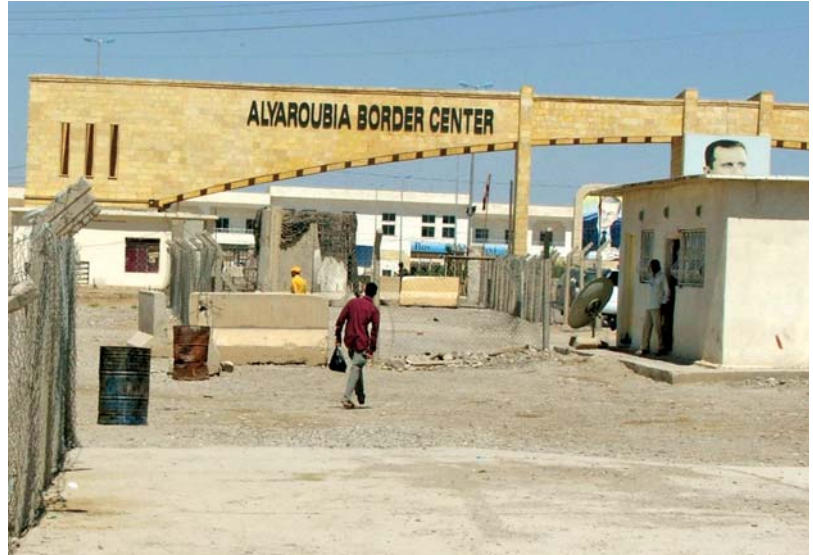
Rabeaa Point of Entry.

Management Comments

SIGIR received comments on the draft of this report from GRD and TFBSO concurring with the recommendations, citing corrective actions taken, and providing comments for clarity and accuracy of the report.

Evaluation of Management Comments

SIGIR appreciates the concurrence by GRD and TFBSO with the draft report's recommendations. Their comments addressed SIGIR's recommendations, cited corrective actions taken, and provided additional clarifying information for this final report.

Rabeaa Point of Entry Screening Facility, Rabeaa, Iraq

SIGIR PA-09-173

The objective of this $3.1 million ISFF project was to provide a new 1,230 square meter single-story screening facility and multiple support structures, such as a water distribution system, septic system, electrical distribution system, and 1-megawatt generator, as well as the demolition of existing buildings.

Findings

On May 17, 2009, SIGIR performed an on-site assessment of the Rabeaa Point of Entry Screening Facility project. A point of entry is a place where people lawfully enter a country. It typically has a staff that verifies passports and visas and inspects luggage to ensure that contraband is not imported. At the time of the site visit, the project was approximately 60% complete. SIGIR observed ongoing construction work, such as concrete formwork and preparation for concrete placement. SIGIR identified a number of construction deficiencies, including:

- construction that did not adhere to the contract's SOW
- construction that was not in compliance with design drawings
- defective construction
- safety concerns

The contractor's implementation of the quality control (QC) program and the U.S. government's application of the quality assurance (QA) program were not effective in monitoring this construction project.

Exterior work at the Rabeaa Point of Entry.

Faulty electrical wiring at the Rabeaa Point of Entry.

SIGIR discussed these issues with personnel from the USACE Mosul Area Office. Mosul Area Office representatives stated that the contractor would address these issues throughout the project, and corrective action would be taken.

Although SIGIR identified significant issues with this project, the actions that the Mosul Area Office indicated that they would take should remedy the identified deficiencies and should result in a new functioning Rabeaa Point of Entry Screening Facility.

Recommendations

SIGIR recommends that the USACE Mosul Area Office take these actions:

1. Review all areas of concern identified in SIGIR's report by comparing actual field construction to SOW and design drawing requirements.
2. Determine if cost savings are due to the U.S. government for the approval of alternative materials and methods.
3. Require the contractor to repair any construction defects without cost increases to the U.S. government.
4. Enforce the contractor safety plan.

5. Implement controls to ensure that the procedures outlined in the QA and QC plans of the project are applied.

Management Comments

SIGIR received comments on its draft report from the Gulf Region District of USACE concurring with the recommendations and documenting corrective actions taken.

Evaluation of Management Comments

The comments addressed the issues identified in SIGIR's recommendations. As a result, no additional comments are required.

Hammam Al Alil Division Training Center, Mosul, Iraq
SIGIR PA-09-174

The overall objective of this $3.5 million ISFF project was to construct a division training center consisting of new ranges and facilities. The contract required the construction of three multi-purpose small-arms ranges, two military operation on urban terrain (MOUT) facilities, a combat assault

Faulty sandbags at the Hammam Al Alil Division Training Center.

Firing range at the Hammam Al Alil Division Training Center.

course, and 14 three-sided outdoor training structures. At the time of the site visit, the project was approximately 78% complete.

Findings

On July 8, 2009, SIGIR performed an on-site assessment of the Hammam Al Alil Division Training Center project. SIGIR observed ongoing and completed construction work. SIGIR found:

- project components were adequately designed
- construction did not fully adhere to the contract
- quality management programs were in need of improvement
- project results were or will be consistent with their original objectives

The contract required the construction and installation of overhead baffles between the firing positions and the terminal end of the range. Overhead baffles were designed to contain all bullets that overshot the berm at the terminal end of the range. However, at the time of the SIGIR site assessment, there were no overhead baffles present.

The Mosul Area Office representative stated that the overhead baffles were constructed, but were of such poor quality that they were removed. Therefore,

the multi-purpose small-arms ranges went from being fully contained to non-contained ranges. Documentation that addressed the safety concerns of removing the overhead baffles was not available.

In addition, the contractor used precast concrete planks in several areas as footbridges over the swale constructed to convey runoff away from the range site. SIGIR observed a safety hazard where the contractor had not removed the rebar lifting lugs from the precast planks.

SIGIR determined that the QC and QA staff were not effective in achieving quality construction. The QC personnel did not maintain a presence on the job site or provide effective project management and oversight. The QA representative did not enforce the daily QC report requirements.

Recommendations

SIGIR recommends that the Mosul Area Office of the USACE take these actions:

1. Conduct a ground safety study to determine the danger zone for the small-arms range and the MOUT facility, and provide this information to the Hammam Al Alil Division Training Center for planning to lessen the severity of any danger presented by the open range.

Mound behind firing range targets at the Hammam Al Alil Division Training Center.

Dormitory at the Hammam Al Alil Regional Training Center.

2. Require the contractor to replace all deteriorating sandbags.
3. Ensure that the rebar lifting lugs are removed from panels that are used as footbridges.
4. Implement controls to ensure that the procedures outlined in the QA and QC plans of the project are applied.

Management Comments

SIGIR received comments on its draft report from USF-I concurring with the recommendations in the report and also providing technical comments for clarification.

Evaluation of Management Comments

The comments addressed SIGIR's recommendations and provided additional clarifying information for the final report.

Hammam Al Alil Regional Training Center, Mosul, Iraq
SIGIR PA-09-183

The overall objective of this $5 million ISFF project was to provide a new Iraqi Army Regional Training Center. The work consisted of new construction as well as renovation and upgrades of existing utilities, including enlisted barracks, latrines, potable water, wastewater management system, and power generation, as well as demolition of existing buildings, structures, and tents. Subsequent to the award of the original contract, the Iraqi Army decided not to increase the number of students at the facility. Therefore, a partial termination of the project was requested, and the contract requirements were reduced. The new barracks were not required; however, the contractor would perform repairs to the existing barracks building to allow for adequate heating and cooling. In addition, the contractor was to repave the existing roads and reconfigure the separate latrines into one single building. At the time of the site visit, the project was approximately 34% complete.

Pipework at the Hammam Al Alil Regional Training Center.

Hammam Al Alil Regional Training Center.

Findings

On July 8, 2009, SIGIR performed an on-site assessment of the Hammam Al Alil Regional Training Center, located at Forward Operating Base Scorpion. The project site is approximately 15 miles south of Mosul, near the Tigris River. The site is relatively flat with little ground cover or vegetation, and contains several buildings along with existing utility facilities.

SIGIR determined that project components were adequately designed, the construction complied with the design standards, project sustainability was addressed, and project results to date were consistent with the original objectives.

The U.S. government QA program was effective in monitoring the contractor's QC program. The Mosul Area Office employed local Iraqi QA representatives to monitor field activities and complete daily QA reports. The daily reports documented the number of workers on site and the daily work performed. The QA representatives supplemented the daily reports with detailed photographs that reinforced the information provided in the reports. In addition, QA representatives maintained a deficiency tracking log that provided a description of the deficiency, location, and suggested corrective action. The QA representatives did an effective job identifying and correcting construction deficiencies at the project site.

Recommendations

This report does not contain any negative findings. As a result, no recommendations for corrective action were made. Therefore, management comments are not required.

Management Comments

U.S. Central Command, USF-I, and the USACE provided a response to the draft report indicating that they had reviewed it, generally agreed with the facts as stated in the report, and had no comments to provide.

Aerial Project Survey Program

The SIGIR Satellite Imagery Group, based in Arlington, Virginia, performs aerial assessments of U.S.-funded reconstruction project sites throughout Iraq. The SIGIR satellite imagery analyst provides current imagery, imagery-based intelligence, and map products to the SIGIR
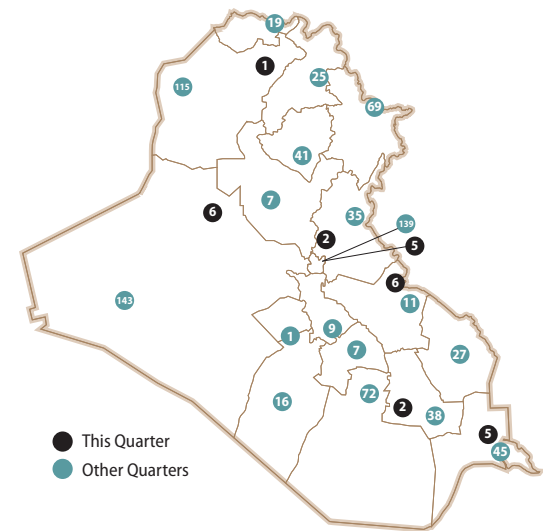
TABLE 4.3
**IMAGERY ASSESSED THIS QUARTER
SUPPORTING SIGIR PROJECT ASSESSMENTS
AND OTHER DIRECTORATES**

PROJECT TYPE	NUMBER OF PRODUCTS
Zurbatiya Point of Entry Cargo Transload Area	6
Al Farabi School	4
Tomb of the Unknown Soldier	3
Basrah Modern Slaughter House	3
Thi Qar Bee Farm	2
Al Hadi Permanent Police Station	2
Al Qaim Electrical Mobile Substation	2
Haditha Dam Perimeter Security	2
Hammam Al Alil Regional Training Center	1
Additional Products	
Diyala Province—Al Wajihiya PHC	1
Diyala Province—Hai Al Tahrir PHC	1

FIGURE 4.4
AERIAL IMAGERY ASSESSMENTS

● This Quarter
● Other Quarters

Approximate locations of SIGIR's aerial imagery assessments conducted this quarter and the locations by province of assessments from previous quarters.

directorates—Inspections, Audits, and Investigations. This program has enabled SIGIR to provide current information on remote site locations and to track construction progress at project sites throughout Iraq.

This quarter, SIGIR conducted imagery analysis of 40 images and created 27 imagery products, using satellite imagery and limited contract information. Imagery support products—including site overviews, project site break-outs, and site assessments—are used to prepare for inspection site visits and to identify possible problems. The 27 imagery products produced this quarter assisted inspectors with their project assessments of the 5 sites assessed this quarter and provided analyses of potential future sites. This quarter, the SIGIR imagery analyst assessed and reviewed projects funded by the IFF, ISFF, CERP, and other sources. For an overview of the imagery products produced this quarter, see Table 4.3.

In partnership with the National Geospatial-Intelligence Agency and the National Ground Intelligence Center, SIGIR imagery analysis has resulted in 846 cumulative satellite imagery assessments and products. For an overview of the approximate locations of these assessments, see Figure 4.4. ◆

DigitalGlobe 2008 ©

Aerial Imagery taken on April 22, 2008, of the Zurbatiya Point of Entry Cargo Transload Area (PA-09-187) to be assessed in a future quarter.

WorldView 2009 ©

Aerial Imagery taken on April 16, 2009, of the Hammam Al Alil Regional Training Center site (PA-09-183).

SIGIR INVESTIGATIONS

SIGIR Investigations continues to actively pursue allegations of fraud, waste, and abuse in Iraq, with 113 open investigations. SIGIR has 5 investigative personnel assigned to Baghdad; 12 at SIGIR headquarters in Arlington, Virginia; and 16 in offices in Pennsylvania, North Carolina, Florida, Texas, Arizona, Ohio, Michigan, New York, and California. This quarter, SIGIR placed a special agent in Rome, New York, to support the Defense Finance and Accounting Service project, and placed an auditor in Phoenix, Arizona, to support investigations in the Southwest and West. To date, the work of SIGIR investigators has resulted in 26 arrests, 33 indictments, 25 convictions, and more than $53 million in fines, forfeitures, recoveries, and restitution.

This quarter, SIGIR continued to conduct a number of significant criminal investigations related to Iraq reconstruction and work closely with prosecutors, U.S. partner investigative agencies, and Coalition partner investigators. As a result of SIGIR investigations, two defendants are pending indictment based upon arrest complaints, seven defendants are awaiting trial, and an additional four defendants are awaiting sentencing in a number of cases. For a comprehensive list of convictions compiled by the Department of Justice, see Table 4.4 at the end of this section.

SIGIR notes these investigative activities this quarter:

- A Criminal Information was filed charging a U.S. Army staff sergeant with money laundering as part of a larger bribery investigation.
- Major John Cockerham, Melissa Cockerham (his wife), Carolyn Blake (his sister), and Nyree Pettaway (his niece) were all sentenced in U.S. District Court for their participation in a bribery and money-laundering scheme related to bribes paid for contracts awarded in support of the Iraq war. The jail sentences ranged from 12 to 210 months, and the court-ordered restitution totaled more than $19 million.
- A U.S. Army captain pled guilty in U.S. District Court to the theft of government property and structuring financial transactions involving approximately $690,000 in CERP funds.
- A former U.S. Army colonel was sentenced to five years in prison for his role in a bribery conspiracy in Hilla, Iraq.
- A former DoD contracting officer was sentenced to 110 months in prison for filing false income tax returns in which he failed to report more than $2.4 million in income.
- The husband of a former U.S. Army officer was sentenced for laundering stolen money from Iraq.
- A retired U.S. Army major was sentenced to 57 months in prison for his role in a bribery scheme involving DoD contracts.
- A Coalition partner citizen was arrested for money laundering involving a Coalition Provisional Authority contract.
- A U.S. Army major was arrested after being indicted and charged with bulk cash smuggling and making false statements.
- A former U.S. Army lieutenant colonel was sentenced to 42 months in prison for his role in a bribery conspiracy in Hilla, Iraq.

Criminal Information Filed Charging U.S. Army Staff Sergeant with Money Laundering

On November 2, 2009, a criminal information was filed in the U.S. District Court, San Antonio, Texas, charging a U.S. Army staff sergeant with one count of money laundering. The criminal information reflected that, from about January to October 2004,

the staff sergeant was assigned to Logistical Support Area (LSA) Anaconda, a military installation near Balad, Iraq, established in 2003 to support U.S. military operations in Iraq.

The criminal information reflects that from about April 2004 to about August 2005, Person A was employed by the Army and deployed to LSA Anaconda as a contracting officer. Funding sources for contracts awarded at LSA Anaconda included CERP, IRRF, and U.S. Army O&A funds. During this same period, Person A accepted illicit and secret bribe payments from foreign companies seeking to secure Army contracts, and, in return, Person A used his official position at LSA Anaconda to, among other things, steer Army contracts to these foreign companies. Person A accepted hundreds of thousands of dollars in this criminal scheme.

The criminal information further reflects that from about August 2004 to about February 2005, Person A transferred a portion of the bribe payments he received—approximately $31,800 in cash—to the staff sergeant. She then deposited these funds into a domestic bank account and subsequently used these funds to purchase, among other things, a car, cosmetic surgery, and household furnishings.

This investigation is being conducted jointly by SIGIR, the U.S. Army Criminal Investigation Command-Major Procurement Fraud Unit (CID-MPFU), Defense Criminal Investigative Service (DCIS), Internal Revenue Service (IRS), and Federal Bureau of Investigation (FBI).

Army Officer, Wife, and Relatives Sentenced in Bribery and Money Laundering Scheme

A former U.S. Army contracting officer, his wife, his sister, and his niece were sentenced in U.S. District Court, San Antonio, Texas, on December 2, 2009, for their participation in a bribery and money laundering scheme related to bribes paid for contracts awarded in support of the Iraq war.

Former Maj. John Cockerham is escorted into federal court for sentencing. He was convicted of taking $9.6 million in bribes from military contractors. (Photo by Shaminder Dulai. Copyright 2009 *San Antonio Express-News*, reprinted with permission.)

The individuals were sentenced as follows:

- John L. Cockerham, 43, a former major in the U.S. Army, was sentenced to 210 months in prison. He also was ordered to serve three years of supervised release following the prison term and to pay $9.6 million in restitution.
- Melissa Cockerham, 43, John Cockerham's wife, was sentenced to 41 months in prison. She also was ordered to serve three years of supervised release following the prison term and to pay $1.4 million in restitution.
- Carolyn Blake, 46, John Cockerham's sister, was sentenced to 70 months in prison. She also was ordered to serve three years of supervised release following the prison term and to pay $3.1 million in restitution.
- Nyree Pettaway, 36, John Cockerham's niece, was sentenced to 12 months and 1 day in prison. She also was ordered to serve two years of supervised release and to pay $5 million in restitution.

John Cockerham pled guilty in February 2008 to conspiracy, bribery, and money laundering for his participation in a complex bribery scheme while working as an Army contracting officer in 2004 and 2005. Cockerham was responsible for awarding contracts for services to be delivered to troops in Iraq. Cockerham admitted that in return for awarding contracts, he received more than $9 million in bribe proceeds. Once Cockerham agreed to take money in exchange for awarding

contracts, he directed the contractors to pay his wife and sister, among others, in order to conceal the receipt of bribe payments.

Melissa Cockerham pled guilty in February 2008 to money laundering for accepting $1.4 million on John Cockerham's behalf, and she admitted storing the money in safe deposit boxes at banks in Kuwait and Dubai. Carolyn Blake pled guilty in March 2009 to money laundering for accepting more than $3 million on John Cockerham's behalf, and she admitted storing the money in safe deposit boxes at banks in Kuwait. Blake also admitted that she intended to keep 10 percent of the money that she collected. Both Melissa Cockerham and Carolyn Blake also admitted that they obstructed justice by impeding and obstructing the investigation.

Nyree Pettaway pled guilty in July 2009 to conspiring with John Cockerham, Carolyn Blake, and others to obstruct the investigation of money laundering related to Cockerham's receipt of bribes. Pettaway admitted that Cockerham solicited her help in creating cover stories for the millions of dollars he received and in returning $3 million in cash to co-conspirators for safekeeping. Pettaway also admitted that she traveled to Kuwait in January 2007, received the cash from Blake, and gave it to others to hold for Cockerham. To date, the United States has recovered more than $3 million in bribe proceeds.

This investigation is being conducted jointly by SIGIR, CID-MPFU, DCIS, IRS, Immigration and Customs Enforcement (ICE), and FBI.

U. S. Army Captain Pleads Guilty to Theft of Government Property and Structuring Financial Transactions Related to CERP Funds

On December 7, 2009, Captain Michael Dung Nguyen pled guilty in U.S. District Court, Portland, Oregon, to the crimes of theft of government property and structuring financial transactions.

Nyree Pettaway leaves the John H. Wood, Jr. Federal Courthouse. The niece of Fort Sam Houston-based Army Maj. John Cockerham pled guilty to conspiracy to obstruct justice. Pettaway, of suburban Houston, admitted helping Cockerham cover up evidence of $15 million in bribes that he expected to get for steering bottled-water contracts to companies in Kuwait. (Photo by Nicole Frugé. Copyright 2009 *San Antonio Express-News*, reprinted with permission.)

In pleading guilty to the offenses, Nguyen admitted that while on deployment to Iraq, he stole and converted to his own use approximately $690,000 in U.S. currency. Nguyen gained access to the currency in his capacity as the project purchasing officer in the 1st Battalion, 23rd Infantry Regiment of the U.S. Army. The currency was derived from Commander's Emergency Response Program (CERP) funds. CERP funds are the property of the United States and are managed by DoD. The currency was intended as payment for security contracts with the Sons of Iraq as well as humanitarian relief and reconstruction programs.

Nguyen transported the stolen currency into the United States by mailing it to himself at his family's Oregon residence before his return from Iraq. Shortly after he returned from Iraq, Nguyen opened new bank accounts at Bank of America, Washington Mutual Bank, America's Credit Union, and Heritage Bank, and proceeded to deposit $387,550 of the stolen CERP currency into those accounts in Oregon and elsewhere. Between June 9, 2008, and September 26, 2008, Nguyen made repeated deposits of stolen currency in a manner that was intended to evade federal reporting requirements for the deposit of large amounts of money.

After depositing the money in the accounts, Nguyen purchased a 2008 BMW and a 2009

Hummer H3T, in addition to purchasing computers, firearms, electronics, and furniture. During the execution of a search warrant, investigators discovered more than $300,000 in stolen CERP currency hidden in the attic of Nguyen's Portland family home.

Nguyen is scheduled to be sentenced on March 1, 2010. In addition to pleading guilty, Nguyen agreed to forfeit all the stolen currency, as well as all of the personal property purchased with the stolen funds.

This investigation is being conducted jointly by IRS, CID-MPFU, DCIS, FBI, and SIGIR.

As a result of this investigation, SIGIR's Audits Directorate announced the audit of the Sons of Iraq Program (Project No. 1004) to determine the cost, outcome, and oversight of efforts to train and equip the Sons of Iraq using funds from the Commander's Emergency Response Program.

Two Former U.S. Army Officers and the Husband of Another Sentenced for Their Roles in Bribery Conspiracy in Hilla, Iraq

As of January 21, 2010, the last remaining defendants resulting from SIGIR's investigation of the "Bloom-Stein Conspiracy" have been sentenced to prison. In all, this investigation led to the imprisonment of eight conspirators, with the final three being sentenced in December 2009 and January 2010.

The investigation began with a whistleblower complaining to SIGIR about contracting irregularities at the Coalition Provisional Authority-South Central Region (CPA-SC) in Hilla, Iraq. SIGIR auditors subsequently found that contract awards to Phillip Bloom for construction work at police academies in Hilla and Babylon, and a library in Karbala, involved inflated charges, the circumvention of CPA regulations, improper disbursements, and work that had not been performed.

The resultant investigation uncovered a massive bribery, fraud and money laundering scheme, involving the theft of millions of dollars from the CPA in Iraq, all of which occurred during Robert Stein's tenure as the comptroller for the CPA-SC. Shortly after assuming the position of comptroller, Stein met Bloom, a U.S. citizen who owned and operated several businesses in Iraq and Romania. From December 2003 until December 2004, with the assistance of other complicit CPA-SC personnel, Stein used a rigged bidding process that resulted in approximately 20 construction contracts being awarded by the CPA-SC to Bloom's companies. In total, Bloom received more than $8.6 million in rigged contract awards. In return, Bloom provided his co-conspirators with payments of more than $1 million in cash, expensive vehicles, business class airline tickets, computers, jewelry, promises of employment, and other items of value. Bloom also laundered in excess of $2 million in cash that had been stolen from the vault at the CPA-SC. Bloom used his bank accounts in Romania and Switzerland to send the stolen funds to his co-conspirators. The stolen funds were also used to purchase weapons, including machine guns, assault rifles, grenade launchers and silencers, which the conspirators converted to their personal use in the U.S.

The initial phase of this investigation was conducted by SIGIR special agents in Iraq, with support from SIGIR auditors and inspectors. Subsequent casework in the United States was conducted by SIGIR, IRS, and ICE with some assistance from other federal agencies. The conspirators were prosecuted by trial attorneys of the Public Integrity Section, Criminal Division, U.S. Department of Justice.

Former U.S. Army Colonel Sentenced

On December 8, 2009, Curtis Whiteford, a former colonel in the U.S. Army Reserve, was sentenced in U.S. District Court, Trenton, New Jersey, to five years in prison. Whiteford was also ordered to pay $16,200 in restitution and to serve two years of supervised release following his prison term.

Along with former U.S. Army Lt. Col. Debra Harrison, former U.S. Army Reserve Lt. Col. Michael Wheeler, and civilian William Driver,

Whiteford was charged in a 25-count indictment unsealed on February 7, 2007, with various crimes related to a scheme to defraud the CPA-SC. Whiteford was the second-most senior official and highest ranking military officer at CPA-SC in Hilla. On November 7, 2008, a federal jury convicted Whiteford of conspiracy to commit bribery and the interstate transport of stolen property. Harrison pled guilty on July 28, 2008, to one count of honest services wire fraud for her role in the scheme, and was sentenced on June 4, 2009, to 30 months in prison, followed by two years of supervised probation, and to pay $366,640 in restitution.

Husband of Former Army Officer Sentenced for Laundering Money Stolen from Iraq

On December 11, 2009, William Driver, a New Jersey accountant, was sentenced in U.S. District Court for the District of New Jersey in Trenton for laundering portions of more than $300,000 acquired as part of his role in the Bloom-Stein conspiracy. The funds were stolen from the CPA in Iraq and brought back to the United States by his wife, Debra Harrison. From April through June 2004, Harrison was the deputy comptroller and acting comptroller of CPA-SC. At the plea hearing, Driver admitted that Harrison stole money from the CPA-SC and transported it to their home in Trenton. Driver then contracted a home improvement company to build a deck on their home; from October through December 2004, he and Harrison used the stolen cash to make four payments of $9,000 each to the contractor. Driver also admitted that he and his wife made cash payments to evade transaction-reporting requirements when the contractor deposited the funds at a bank.

Driver was sentenced to six months home confinement, three years probation and ordered to pay a $100 special assessment and $36,000 in restitution. The judge commented during the sentencing that she took into account that, as a consequence of his guilty plea, Driver lost his job and pension with the State of New Jersey.

Former U.S. Army Colonel—the Eighth and Final Defendant Sentenced

On January 21, 2010, Michael Wheeler, a former U.S. Army lieutenant colonel and the eighth and last remaining defendant to be sentenced as part of the investigation, was sentenced in U.S. District Court, Trenton, New Jersey, to 42 months in prison. Wheeler was also ordered to pay $1,200 in restitution and a $100 special assessment, and to serve three years of supervised release following his prison term. Wheeler was convicted of conspiracy to commit bribery, honest services wire fraud, the interstate transport of stolen property, and possession of unregistered firearms.

Former DoD Contracting Officer Sentenced to 110 Months in Prison for Filing False Tax Returns

On December 10, 2009, Tijani Ahmed Saani, a former civilian employee of the U.S. Department of Defense (DoD), was sentenced to 110 months in prison for filing false tax returns in which he failed to report more than $2.4 million in income. Saani was also ordered to pay a $1.6 million fine and serve one year of supervised release following his prison term. Saani was also ordered to pay $816,485 in restitution to the IRS.

Saani, a former resident of Kuwait City, Kuwait, and dual U.S./Ghanaian citizen, pleaded guilty on June 25, 2009, to five counts of filing false tax returns, one for each tax year from 2003 through 2007. According to court documents, Saani admitted failing to report at least $2.4 million in taxable income during this time, while he served in Kuwait as a contracting officer for the DoD. According to the indictment to which Saani pled guilty, he worked on detail from 2002 until 2007 at Camp Arifjan, Kuwait. Saani also admitted he failed to report his ownership interest in foreign bank accounts in five different countries, including Ghana, Switzerland, the Jersey Channel Islands,

the Netherlands, and the United Kingdom. Saani used these accounts to help conceal his unreported income, and to send and receive wire transfers totaling more than $3.5 million.

This investigation is being conducted jointly by SIGIR, CID-MPFU, DCIS, IRS, ICE, and FBI.

Retired U.S. Army Major Sentenced to 57 Months in Prison for Role in Bribery Scheme Involving DoD Contracts

On December 16, 2009, Christopher H. Murray, a retired major in the U.S. Army, was sentenced in U.S. District Court, Columbus, Georgia, to 57 months in prison, and ordered to pay $245,000 in restitution, and to serve three years of supervised release following the prison term for his role in a bribery scheme related to DoD contracts awarded in Kuwait.

Murray pled guilty in January 2009 to a criminal information charging him with four counts of bribery and one count of making a false statement. In 2005 and 2006, according to the court documents, then-Major Murray served as a contracting specialist in the small purchases branch of the contracting office at Camp Arifjan, Kuwait. As a contracting specialist, Murray was responsible for soliciting bids for military contracts, evaluating the sufficiency of those bids, and then recommending the award of contracts to particular contractors. In this capacity, Murray solicited and received approximately $225,000 in bribes from DoD contractors in exchange for recommending the award of contracts for various goods and services.

According to court documents, Murray returned to Kuwait in fall 2006 as a contracting officer and solicited and received another $20,000 in bribes from a DoD contractor in exchange for the award of a construction contract. When confronted with evidence of his criminal conduct, Murray made false statements to federal agents (SIGIR, DCIS, and CID-MPFU) investigating the matter.

This investigation is being conducted jointly by SIGIR, CID-MPFU, DCIS, IRS, ICE, and FBI.

Coalition Partner Citizen Arrested for Money Laundering Involving a CPA Contract

An ongoing joint investigation by SIGIR, Coalition-partner criminal investigative personnel, and DCIS has led to the arrest of a citizen of the Coalition-partner country. Because of the sensitivity of the investigation, SIGIR will not identify at this time the Coalition partner involved.

The investigation involves an $8.4 million contract awarded by the CPA. It is alleged as a result of the investigation that the contractor provided false documentation in order to receive full payment for the contract and failed to deliver any items under the terms of the contract. The Coalition-partner citizen arrested was the chief executive of one of the companies involved in this investigation.

U.S. Army Major Arrested after Being Indicted for Bulk-Cash Smuggling and Making False Statements

A U.S. Army major was arrested on January 11, 2010, following an indictment by a federal grand jury in Memphis, Tennesee. The indictment, originally returned on January 5, 2010, was unsealed after the arrest charging the major with bulk-cash smuggling and making false statements to a federal agency. According to the indictment, in January 2005, the major smuggled in excess of $100,000 in currency, concealed in a Federal Express package, into the United States from Iraq, and failed to declare that he imported the money. As alleged in the indictment, from August 2004 through February 2005, the major was deployed to Balad Regional Contracting Center at Logistical Support Area (LSA) Anaconda in Iraq. LSA Anaconda is a

U.S. military installation established in approximately 2003 to support U.S. military operations in Iraq. While deployed to LSA Anaconda, the major served as a contracting officer. Funding sources for contracts awarded at LSA Anaconda included CERP, IRRF, and U.S. Army O&A funds.

According to the indictment, on or about January 11, 2005, the major sent a Federal Express package from Balad to Killeen, Texas, which was seized by Customs and Border Protection officers in Memphis. The international air waybill for the package reflected that it contained books, papers, a jewelry box and clothes with a total declared customs value of $140, but did not disclose the currency allegedly also contained in the package. According to the indictment, the package also contained $107,900 in U.S. currency and 17,120,000 in Iraqi dinar. The major allegedly failed to file a Currency or Monetary Instruments Transaction Report as required by federal law when transporting currency in the amounts of more than $10,000 into or out of the United States.

The indictment also contains a criminal forfeiture allegation. Specifically, if convicted of the bulk-cash smuggling charge, the major would be ordered to forfeit all the money he is alleged to have concealed in the package.

This investigation is being conducted jointly by SIGIR, CID-MPFU, DCIS, FBI, IRS, and ICE.

Suspension and Debarment

Since December 2005, SIGIR has worked closely with the Department of Justice, CID-MPFU, DCIS, and the Army Legal Services Agency's Procurement Fraud Branch (PFB) to suspend and debar contractors and government personnel for fraud or corruption within the U.S. Army, including those involving Iraq reconstruction or Army support contracts in Iraq. These cases arise as the result of criminal indictments filed in federal district courts and allegations of contractor irresponsibility that require fact-based examination by the Army's Suspension and Debarment Official.

To date, the Army has suspended 88 individuals and companies involved in sustainment and reconstruction contracts supporting the Army in Iraq and Kuwait. A total of 96 individuals and companies have been proposed for debarment, resulting in 78 finalized debarments, ranging in duration from 9 months to 10 years. PFB is aggressively pursuing additional companies and individuals involved with fraud associated with Army contracts in Iraq, Kuwait, and other locations in Southwest Asia, with additional suspension and debarment actions expected during 2010. Cases originating in Afghanistan—previously listed with cases originating in Iraq, Kuwait, and other locations in Southwest Asia—were removed from PFB's submissions to SIGIR in the third quarter of 2009 and are now included in the quarterly report produced by the Special Inspector General for Afghanistan Reconstruction (SIGAR).

For a list of debarments, see Table 4.5. For a complete list of suspensions and debarments, see Appendix F. ◆

TABLE 4.4
CONVICTIONS (AS COMPILED BY THE DEPARTMENT OF JUSTICE)

NAME	CHARGES	DATE OF CONVICTION	SENTENCE
Michael D. Nguyen	Theft and Structuring Financial Transactions	12/7/2009	Pending
Ronald Radcliffe	Bribery and Money Laundering	10/16/2009	Pending
Joselito Domingo	Bribery	11/19/2009	Pending
Gloria Martinez	Bribery and Conspiracy	8/12/2009	Pending
Robert Jeffery	Conspiracy and theft	8/11/2009	Pending
William Driver	Money Laundering	8/5/2009	3 years probation, to include 6 months home confinement; $36,000 restitution
Nyree Pettaway	Conspiracy to Obstruct Justice	7/28/2009	12 months and 1 day in prison; 2 years of supervised release; $5 million restitution
Michel Jamil	Conspiracy	7/27/2009	Pending
Robert Young	Conspiracy and theft of Government Property	7/24/2009	97 months in prison, 3 years supervised release; forfeiture of $1 million; and restitution of $26,276,472
Samir Itani	Conspiracy	7/21/2009	Pending
Tijani Saani	Filing false tax returns	6/25/2009	110 months in prison; 1 year supervised release; $1.6 million fine; and $816,485 in restitution to the IRS
Diane Demilta	Wire fraud	5/27/2009	6 months in prison; 12-month house arrest; 2 years supervised release; $20,000 fine; $70,000 restitution
Benjamin R. Kafka	Misprision of a felony	5/18/2009	Pending
Elbert George	Theft of government property; conspiracy	5/18/2009	Pending
Roy Greene, Jr.	Theft of government property; conspiracy	5/18/2009	Pending
Frederick Kenvin	Conspiracy	4/30/2009	Pending
Stephen Day	Conspiracy to defraud the United States by misrepresentation	4/13/2009	Pending
Jeff Alex Mazon, Contractor, KBR	Major fraud against the United States and wire fraud	3/24/2009	Pending
Carolyn Blake, Sister of Maj. John Cockerham	Conspiracy and money laundering	3/19/2009	70 months in prison; 3 years of supervised release; $3.1 million restitution
Michael Carter, Project Engineer, Force Protection Industries	Violating the Anti-Kickback Act	1/25/2009	Pending
Harith al-Jabawi, Contractor	Conspiracy, bribery, and false statements	1/22/2009	Pending
Maj. Christopher Murray, USA Contracting Officer	Bribery and false statements	1/8/2009	57 months in prison; 3 years supervised release; $245,000 restitution
Maj. Theresa Baker, USAR Contracting Officer	Conspiracy and bribery	12/22/2008	70 months in prison; $825,000 restitution
Col. Curtis Whiteford, USAR Senior Official, CPA-South Central Region	Conspiracy, bribery, and wire fraud	11/7/2008	5 years in prison; 2 years supervised release; $16,200 restitution
Lt. Col. Michael Wheeler, USAR CPA Reconstruction Advisor	Conspiracy, bribery, wire fraud, interstate transportation of stolen property, and bulk cash smuggling	11/7/2008	42 months in prison; 3 years supervised release; $1,200 restitution; $100 special assessment

Continued on the next page

Name	Charges	Date of Conviction	Sentence
David Ramirez, Contractor, Readiness Support Management, Inc.	Bulk currency smuggling and structuring transactions	10/9/2008	50 months in prison; 3 years supervised release; $200 special assessment
Lee Dubois, Contractor, Future Services General Trading and Contracting Company	Theft of government property	10/7/2008	3 years in prison and repayment of $450,000 that represented the illegal proceeds of the scheme
Jacqueline Fankhauser	Receipt of stolen property	8/28/2008	1 year probation; 180 days home confinement; 104 hours community service; $10,000 fine; $100 special assessment
Robert Bennett Contractor, KBR	Violating the Anti-Kickback Act	8/28/2008	Pending
Maj. James Momon, Jr., USA Contracting Officer	Conspiracy and bribery	8/13/2008	Pending
Lt. Col. Debra M. Harrison, USA Acting Comptroller for CPA-South Central Region	Conspiracy, bribery, money laundering, wire fraud, interstate transportation of stolen property, smuggling cash, and preparing false tax returns	7/28/2008	30 months in prison; 2 years supervised release; $366,640 restitution
Capt. Cedar Lanmon, USA	Accepting illegal gratuities	7/23/2008	1 year in prison; 1 year supervised release
Maj. John Lee Cockerham, Jr., USA Contracting Officer	Bribery, conspiracy, and money laundering	6/24/2008	210 months in prison; 3 years of supervised release; $9.6 million restitution.
Melissa Cockerham, Wife of Maj. John Cockerham	Conspiracy and money laundering	6/24/2008	41 months in prison; 3 years of supervised release; $1.4 million restitution
Lt. Col. Levonda Selph, USAR Contracting Officer	Conspiracy and bribery	6/10/2008	Pending
Raman International Corp.	Conspiracy and bribery	6/3/2008	$500,000 fine and $327,192 restitution
Capt. Austin Key, USA Contracting Officer	Bribery	12/19/2007	Pending
Maj. John Rivard, USAR Contracting Officer	Bribery, conspiracy, and money laundering	7/23/2007	10 years in prison; 3 years supervised release; $5,000 fine; and $1 million forfeiture order
Kevin Smoot, Managing Director, Eagle Global Logistics, Inc.	Violating the Anti-Kickback Act and making false statements	7/20/2007	14 months in prison; 2 years supervised release; $6,000 fine; $17,964 restitution
Anthony Martin, Subcontractor Administrator, KBR	Violating the Anti-Kickback Act	7/13/2007	1 year and 1 day in prison; 2 years supervised release; $200,504 restitution
Jesse Lane, USAR 223rd Finance Detachment	Conspiracy and honest services wire fraud	6/5/2007	30 months in prison; $323,228 restitution
Steven Merkes, DoD Civilian, Operational Support Planner	Accepting illegal gratuities	2/16/2007	12 months and 1 day in prison; $24,000 restitution
Chief Warrant Officer Peleti "Pete" Peleti, Jr., USA, Army's Food Service Advisor for Kuwait, Iraq, and Afghanistan	Bribery and smuggling cash	2/9/2007	28 months in prison; $57,500 fine and forfeiture
Jennifer Anjakos, USAR 223rd Finance Detachment	Conspiracy to commit wire fraud	11/13/2006	3 years probation; $86,557 restitution; $100 assessment

Continued on the next page

Name	Charges	Date of Conviction	Sentence
Sgt. Lomeli Chavez, USAR 223rd Finance Detachment	Conspiracy to commit wire fraud	11/13/2006	3 years probation; $28,107 restitution; $100 assessment
Sgt. Derryl Hollier, USAR 223rd Finance Detachment	Conspiracy to commit wire fraud	11/13/2006	3 years probation; $83,657.47 restitution; $100 assessment
Sgt. Luis Lopez, USAR 223rd Finance Detachment	Conspiracy to commit wire fraud	11/13/2006	3 years probation; $66,865 restitution; $100 assessment
Bonnie Murphy, Contracting Officer	Accepting unlawful gratuities	11/7/2006	1 year supervised release and $1,500 fine
Samir Mahmoud, Employee of U.S. construction firm	Making false statements	11/3/2006	1 day credit for time served; 2 years supervised release
Gheevarghese Pappen, USACE Civilian	Soliciting and accepting illegal gratuities	10/12/2006	2 years in prison; 1 year supervised release; $28,900 restitution
Lt. Col. Bruce Hopfengardner, USAR Special Advisor to CPA-South Central Region	Conspiracy, conspiring to commit wire fraud and money laundering, and smuggling currency	8/25/2006	21 months in prison; 3 years supervised release; $200 fine; $144,500 forfeiture
Faheem Mousa Salam, Interpreter, Titan Corp.	Violating the Foreign Corrupt Practices Act's Anti-Bribery Provisions	8/4/2006	3 years in prison; 2 years supervised release; 250 hours community service; $100 special assessment
Mohammad Shabbir Khan, Director of Operations for Kuwait and Iraq, Tamimi Global Co., Ltd.	Violating the Anti-Kickback Act	6/23/2006	51 months in prison; 2 years supervised release; $10,000 fine; $133,860 restitution; $1,400 assessment
	Witness Tampering	8/10/2009	Pending
Philip Bloom, Owner: Global Business Group, GBG Holdings, and GBG-Logistics Division	Conspiracy, bribery, and money laundering	3/10/2006	46 months in prison; 2 years supervised release; $3.6 million forfeiture; $3.6 million restitution; $300 special assessment
Stephen Seamans, Subcontracts Manager, KBR	Wire fraud, money laundering, and conspiracy	3/1/2006	12 months and 1 day in prison; 3 years supervised release; $380,130 restitution; $200 assessment
Christopher Cahill, Regional Vice President, Middle East and India, Eagle Global Logistics, Inc.	Major fraud against the United States	2/16/2006	30 months in prison; 2 years supervised release; $10,000 fine; $100 assessment (a civil settlement with EGL arising from the same facts resulted in a settlement of $4 million)
Robert Stein, CPA-South Central Comptroller and Funding Officer	Felon in possession of a firearm, possession of machine guns, bribery, money laundering, and conspiracy	2/2/2006	9 years in prison; 3 years supervised release; $3.6 million forfeiture; $3.5 million restitution; $500 special assessment
Glenn Powell, Subcontracts Manager, KBR	Major fraud and violating the Anti-Kickback Act	8/1/2005	15 months in prison; 3 years supervised release; $90,973.99 restitution; $200 assessment

TABLE 4.5
DEBARMENT LIST

NAME	DEBARRED	NAME	DEBARRED
Ali N. Jabak	9/30/2009	Dewa Trading Establishment	9/17/2008
Liberty A. Jabak	9/30/2009	Al Ghannom and Nair General Trading Company	9/17/2008
Liberty's Construction Company	9/30/2009	Dewa Projects (Private) Ltd.	9/17/2008
Tharwat Taresh	9/30/2009	Future AIM United	9/17/2008
Babwat Dourat Al-Arab	9/30/2009	First AIM Trading and Contracting	9/17/2008
Dourat Al-Arab	9/30/2009	Vasantha Nair	9/17/2008
Hussein Ali Yehia	9/30/2009	K. V. Gopal	9/17/2008
Amina Ali Issa	9/30/2009	Falah Al-Ajmi	9/17/2008
Adel Ali Yehia	9/30/2009	Trans Orient General Trading	9/17/2008
Javid Yousef Dalvi	9/25/2009	Zenith Enterprises Ltd.	9/17/2008
Mohamed Abdel Latif Zahed	9/10/2009	Peleti "Pete" Peleti, CWO, USA	6/15/2008
Gerald Thomas Krage	9/4/2009	Al Sawari General Trading and Contracting Company	3/13/2008
Andrew John Castro	9/4/2009	John Allen Rivard, MAJ, USAR	1/14/2008
Airafidane, LLC	9/4/2009	Samir Mahmoud	11/29/2007
Kevin Arthis Davis	8/20/2009	Robert Grove	10/30/2007
Jacqueline Fankhauser	8/7/2009	Steven Merkes	9/27/2007
Debra M. Harrison, LTC, USAR	8/7/2009	Bruce D. Hopfengardner, LTC, USAR	9/20/2007
Nazar Abd Alama	7/1/2009	Robert J. Stein, Jr.	8/16/2007
San Juan Company	7/1/2009	Philip H. Bloom	8/8/2007
Mississippi Company for the General Contract	7/1/2009	Global Business Group S.R.L.	8/8/2007
Lee Dynamics International	6/17/2009	Stephen Lowell Seamans	7/27/2007
Lee Defense Services Corporation	6/17/2009	Gheevarghese Pappen	6/28/2007
George H. Lee	6/17/2009	Faheem Mousa Salam	6/28/2007
Justin W. Lee	6/17/2009	QAH Mechanical and Electrical Works	6/27/2007
Oai Lee	6/17/2009	Abdullah Hady Qussay	6/27/2007
Mark J. Anthony	6/17/2009	Al Riyadh Laboratories and Electricity Co.	1/26/2007
Levonda J. Selph	6/17/2009	Thomas Nelson Barnes	1/24/2007
Starcon, Ltd. LLC	6/17/2009	Danube Engineering and General Contracting	12/28/2006
Cedar J. Lanmon, CPT, USA	6/3/2009	Alwan Faiq	12/28/2006
D+J Trading Company	5/14/2009	Christopher Joseph Cahill	11/9/2006
Jesse D. Lane, Jr.	1/30/2009	Ahmed Hassan Dayekh	9/26/2006
Jennifer Anjakos	1/30/2009	Diaa Ahmen Abdul Latif Salem	5/14/2009, 6/2/2006
Carlos L. Chavez	1/30/2009		
Darryl Hollier	1/30/2009	Jasmine International Trading and Service Company	5/14/2009, 6/2/2006
Luis A. Lopez	1/30/2009		
Mohammed Shabbir Kahn	10/10/2008	Custer Battles	3/17/2006
Kevin Andre Smoot	9/30/2008	Robert Wiesemann, CW2, USA	3/6/2006
Green Valley Company	9/17/2008, 5/18/2007	Glenn Allen Powell	2/16/2006
		Amro Al Khadra	1/12/2006
Triad United Technologies, LLC	9/17/2008	Dan Trading and Contracting	1/12/2006
Dewa Europe	9/17/2008	Steven Ludwig	9/29/2005
		DXB International	9/29/2005

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SIGIR HOTLINE

The SIGIR Hotline facilitates the reporting of fraud, waste, abuse, mismanagement, and reprisal in all programs associated with Iraq reconstruction efforts funded by the U.S. taxpayer. Cases received by the SIGIR Hotline that are not related to programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Iraq are transferred to the appropriate entity. The SIGIR Hotline receives walk-in, telephone, mail, fax, and online contacts from people in Iraq, the United States, and throughout the world.

Fourth Quarter Reporting

As of December 31, 2009, the SIGIR Hotline had initiated 780 cases. Of these cases, 718 have been closed, and 62 remain open. For a summary of these cases, see Table 4.6.

New Cases

During this reporting period, the SIGIR Hotline received 30 new complaints, bringing the cumulative total to 780 Hotline cases. The new complaints were classified in these categories:
- 15 involved contract fraud.
- 7 involved personnel issues.
- 5 involved waste.
- 2 involved mismanagement.
- 1 involved abuse.

The SIGIR Hotline receives most reports of perceived instances of fraud, waste, abuse, mismanagement, and reprisal through the website and electronic mail. Of SIGIR's 30 new Hotline complaints, 15 were received through electronic mail, 13 by the SIGIR website, 1 by telephone, and 1 by walk-in.

Closed Cases

During this quarter, SIGIR closed 25 Hotline cases:
- 1 was closed by SIGIR Investigations.

TABLE 4.6
SUMMARY OF SIGIR HOTLINE CASES, AS OF 12/31/2009

OPEN CASES	
Investigations	51
Audits	10
Inspections	1
Total Open	**62**

CLOSED CASES	1ST QTR 2009	2ND QTR 2009	3RD QTR 2009	4TH QTR 2009	CUMULATIVE*
FOIA	0	0	0	0	**4**
OSC Review	0	0	0	0	**2**
Assists	0	0	0	0	**46**
Dismissed	2	1	2	1	**129**
Referred	11	8	13	23	**325**
Inspections	0	0	0	0	**79**
Investigations	1	3	37	1	**117**
Audits	4	0	3	0	**16**
Total Closed	**18**	**12**	**55**	**25**	**718**
Cumulative* Open & Closed					**780**

*Cumulative totals cover the period since the SIGIR Hotline began operations—from 3/24/2004 to 12/31/2009.

- 23 were referred to other inspector general agencies.
- 1 was dismissed for lack of information.

Referred Complaints

After a thorough review, SIGIR referred 23 complaints to outside agencies for proper resolution:
- 6 were sent to the U.S. Army Office of Inspector General.
- 6 were sent to the Joint Contracting Command-Iraq/Afghanistan.
- 5 were sent to the Department of Defense Office of Inspector General.
- 3 were sent to the Department of State Office of Inspector General.
- 2 were sent to the U.S. Forces-Iraq Office of Inspector General.
- 1 was sent to the U.S. Agency for International Development Office of Inspector General. ◆

SIGIR WEBSITE

During this reporting period, the SIGIR website (www.sigir.mil) recorded these activities:

- More than 118,000 users visited the SIGIR website—about 1,300 users per day.
- The Arabic language section of the site received 811 visits.
- The most frequently downloaded documents were SIGIR's most recent Quarterly Reports.

For an overview of daily visits to the SIGIR website, see Figure 4.5. ◆

FIGURE 4.5

AVERAGE NUMBER OF VISITORS PER DAY TO SIGIR WEBSITE, AS OF 12/31/2009

	Q4	Q1	Q2	Q3	Q4
	814	987	955	751	1,291
	2008	2009			
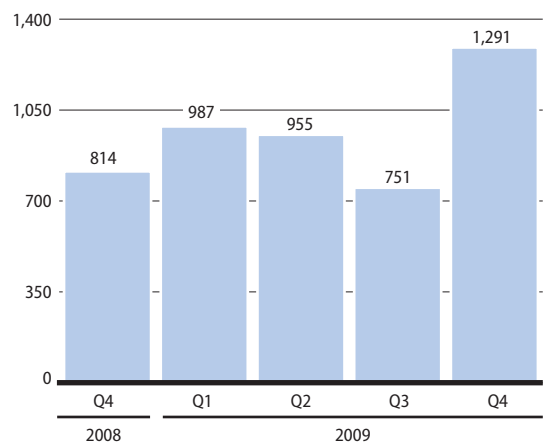
Source: DoD, IMCEN, response to SIGIR data call, 1/13/2010.

LEGISLATIVE UPDATE

On December 16, 2009, the President signed Public Law 111-117, the Consolidated Appropriations Act, 2010, which contains several items related to SIGIR and to Iraq's reconstruction more generally. Those provisions are included in the act's Division F, which is designated as the Department of State, Foreign Operations and Related Programs Appropriations Act, 2010, and will be referred to in this section as the State/Foreign Operations Appropriations Act.

On December 19, 2009, the President signed Public Law 111-118, the Department of Defense Appropriations Act, 2010, which also contained provisions related to Iraq's reconstruction.

State/Foreign Operations Appropriations Act

SIGIR Funding

The Consolidated Appropriations Act includes an additional $23 million for SIGIR operations in FY 2010 (for a total of $30 million).

The conference report states:

> The Inspectors General of the Department of State, USAID, SIGIR, and SIGAR each have independent oversight and investigative responsibilities in Iraq and Afghanistan. The Inspectors General should, to the maximum extent practicable, coordinate, and de-conflict all activities related to oversight and investigation of assistance programs for the reconstruction of Iraq and Afghanistan to ensure that resources are used effectively and are not unnecessarily duplicative.

> The conferees understand that SIGIR will use a portion of the funds made available in fiscal years 2009 and 2010 to make short-term appointments of experienced, career prosecutors and detail them to the Criminal Division of the Department of Justice, where they will work on cases that fall within SIGIR's jurisdiction. The conferees strongly support efforts by SIGIR and the Department of Justice to investigate and prosecute cases of fraud and criminal activity associated with assistance programs in Iraq.

Other Funding Provisions

The State/Foreign Operations Appropriations Act provides additional funding, not to exceed $466.8 million, for Iraq's reconstruction. (This ceiling does not apply to funds for Iraq that may be derived through regional funding within individual appropriations accounts.)

The conference report provides specific allocations by program for Iraq, including up to $382.5 million for the Economic Support Fund (ESF). The conference report further provides that from the ESF, $5 million should be provided to the Marla Ruzicka Iraqi War Victims Fund, $50 million for the Civilian Assistance Program, $126 million for "Democracy and Civil Society," of which $10 million should be for the Iraqi women's democracy initiative, $50 million for USAID's Ministerial Capacity Development program, and $10 million for Iraqi minority populations.

The conferees state that the GOI should assume full responsibility for support of ministerial capacity development programs in the future.

With respect to the allocation for assistance to minority populations, the conferees refer specifically to "religious groups in the Nineveh Plains region" and direct the Secretary of State to submit a report within 90 days of the date of enactment of the Act on the "unique needs of minority populations in Iraq, including security requirements, organizations that have received funding from the Department of State and USAID for programs to assist such populations, and the total amount of funds provided for such purposes."

The conference report also calls for up to $52 million for the International Narcotics Control and Law Enforcement (INCLE) account. The conferees direct that none of those funds be used for new construction.

In addition, unspecified amounts are permitted to be allocated for Iraq from the Non-proliferation,

Anti-terrorism, Demining, and Related Programs (NADR) account and International Military Education and Training (IMET) program and, possibly, other programs. The statutory ceiling for Iraq of $466.8 million will accommodate both the requested levels of $30.3 million for NADR and $2 million for IMET, as well as the amounts allocated for ESF and INCLE.

The conferees indicate their concern about security costs and their relation to benefits of programs conducted in Iraq and ask that the Department of State and USAID consult jointly about the decision-making processes used to compare those costs and benefits.

General Provisions

The act provides that "[n]one of the funds made available in this Act may be used by the Government of the United States to enter into a permanent basing rights agreement between the United States and Iraq."

The act continues previous requirements that funds appropriated for assistance for Iraq shall be made available, to the maximum extent practicable, in a manner that utilizes Iraqi entities and in accordance with the Department of State's April 9, 2009, "Guidelines for Government of Iraq Financial Participation in United States Government-Funded Civilian Foreign Assistance Programs and Projects."

A general provision (not specifically related to Iraq) requires:

> the Secretary of State to maintain a list of officials of foreign governments and their immediate family members who the Secretary has credible evidence have been involved in corruption relating to the extraction of natural resources, and to submit a report to the Committees on Appropriations summarizing such evidence for each individual on the list. The conferees note that past reports have been deficient and direct that future reports provide the required information, in a classified form if necessary. Any individual on the list shall be ineligible for admission to the United States. The conferees, recognizing the need to broaden sanctions against those who engage in corrupt practices, direct the Secretary to urge other governments to take similar steps.

The act does not include a former provision of Public Law 111-8 (section 7042), applicable to prior years, which made certain funds for assistance to Iraq "available only to the extent that the Government of Iraq matches such assistance on a dollar-for-dollar basis."

Department of Defense Appropriations Act

During the consideration of the Department of Defense Appropriations Act, 2010, the Chairman of the House Subcommittee on Defense, Representative Murtha, caused an "explanatory statement" to be printed in the Congressional Record, which, according to section of 8124 of the act, is to be treated as if it were a joint explanatory statement of a conference committee.

CERP

The act does not provide any funds for Iraq reconstruction other than through the Commander's Emergency Response Program (CERP). Up to $1.2 billion is allocated from Operations and Maintenance, Army, for the CERP, of which $200 million is allocated for use in Iraq by the explanatory statement.

The act requires that $500 million of the $1.2 billion be withheld from availability pending the completion and submission of a "thorough review" of the CERP. It does not specify whether the funds need to be withheld from use in either Iraq or Afghanistan.

The explanatory statement further provides:

> This report shall include: the process by which CERP budget requests are generated and justified; existing management and oversight of CERP funds and contracts by the Department of the Army, the Undersecretary of Defense, Comptroller, and U.S. Central Command; the number of personnel required and the number of personnel currently deployed to Afghanistan with Joint Contracting Command and U.S. Forces–Afghanistan specifically in support of CERP; a separate assessment for Iraq and Afghanistan of the goals, purpose and expected requirement for CERP funds in the coming year; the coordination process of projects with other U.S. government agencies and Non-Governmental Organizations carrying out projects in Iraq and Afghanistan; the requirements for the sustainment

of projects carried out under CERP; the procedures for ensuring that projects carried out under CERP are coordinated with the host governments and local community leaders; and the process and systems for tracking projects carried out under CERP. Additionally, the Secretary of Defense is directed, as part of the program review, to report on the advisability of establishing a program office for CERP to be responsible for the development of budgets, strategic plans, program controls, requirements for program coordination, and standards for training.

Restrictions on the Use of Funds

The act continues provisions prohibiting the use of appropriated funds "to establish any military installation or base for the purpose of providing for the permanent stationing of United States Armed Forces in Iraq," or "to exercise United States control over any oil resource of Iraq."

Medical Treatment for Contractors

The explanatory statement, addressing a "concern that American workers are not getting reasonable medical treatment for injuries they have suffered while working in a combat zone," urges the Department of Defense:

> to encourage Federal contractors to provide access to the most effective treatment available for injuries suffered while working outside the United States in support of military operations, including Operation Iraqi Freedom . . . ; and encourage Federal contractors performing a Federal contract outside the United States to ensure that American workers performing the contract receive the same benefits for injuries suffered outside the United States that they would receive if they were working within the United States. ◆

OTHER AGENCY OVERSIGHT

SECTION

5

INTRODUCTION

In March 2004, SIGIR formed the Iraq Inspectors General Council (IIGC) to provide a forum for discussion of oversight in Iraq and to enhance collaboration and cooperation among the inspectors general (IGs) of the agencies that oversee Iraq reconstruction funds. Representatives of member organizations meet quarterly to exchange details about current and planned audits, identify opportunities for collaboration, and minimize redundancies.

The most recent meeting was held on November 18, 2009, at the SIGIR office in Arlington, Virginia, with Special Inspector General Bowen chairing the meeting from Baghdad. These organizations attended:

- Air Force Audit Agency (AFAA)
- Defense Contract Audit Agency (DCAA)
- Department of Defense Office of Inspector General (DoD OIG)
- Department of State Office of Inspector General (DoS OIG)
- Government Accountability Office (GAO)
- SIGIR
- U.S. Agency for International Development Office of Inspector General (USAID OIG)
- U.S. Army Audit Agency (USAAA)
- U.S. Army Corps of Engineers (USACE)

Each quarter, SIGIR requests updates from member organizations on their completed, ongoing, and planned oversight activities. This section summarizes the audits and investigations reported to SIGIR this quarter by DoD OIG, DoS OIG, GAO, USAID OIG, and USAAA. For DCAA updates, see Appendix G.

In previous quarters, SIGIR has provided updates on the U.S. Department of the Treasury and the U.S. Department of Commerce, but these agencies have no current Iraq reconstruction oversight activities ongoing or planned for FY 2010. SIGIR will no longer report on these agencies in this section.

Section 842 of the National Defense Authorization Act for Fiscal Year 2008 (Public Law 101-181) requires that SIGIR, in consultation with other inspectors general, develop "a comprehensive plan for a series of audits" of "federal agency contracts, subcontracts, and task and delivery orders for the performance of security and reconstruction functions in Iraq." Following the enactment of Section 842, SIGIR has worked closely with the DoD OIG Joint Planning Group-Southwest Asia, which has facilitated the production of the *Comprehensive Oversight Plan for Southwest Asia*. That document, compiled by the relevant IGs (including SIGIR), summarizes ongoing and near-term planned audits for Iraq and the region. The Group is currently coordinating an FY 2010 update to the Plan. The comprehensive plan was expanded beyond the statutory mandates to include other functional areas relevant to supporting Operations Enduring Freedom and Iraqi Freedom, as well as overseas contingency operations, such as contract administration and management, reset of equipment, financial management, and reconstruction support. Participating oversight agencies will continue to coordinate audit plans through working groups and councils.

OTHER AGENCY AUDITS

This section updates the audits that IIGC member agencies reported to SIGIR:

- For recently completed oversight report activity, see Table 5.1.
- For ongoing oversight report activity of other U.S. agencies during this reporting period, see Table 5.2.

- For more information on other agency audits, including audit summaries, see Appendix G.
- For a complete historical list of audits and reviews on Iraq reconstruction by all entities, see Appendix H.

TABLE 5.1
RECENTLY COMPLETED OVERSIGHT REPORTS OF OTHER U.S. AGENCIES, AS OF 12/31/2009

AGENCY	REPORT NUMBER	REPORT DATE	REPORT TITLE
DoD	D-2010-032	12/31/2009	DoD Countermine and Improvised Explosive Device Defeat Systems Contracts – Husky Mounted Detection System
DoD	D-2010-029	12/21/2009	DoD Contractor Qualifications and Selection Criteria for Body Armor Contracts
DoD	D-2010-028	12/15/2009	Rapid Acquisition and Fielding of Materiel Solutions by the Navy
DoD	D-2010-025	12/11/2009	Transportation Planning for the Withdrawal of DoD Personnel and Assets from Iraq
DoD	D-2010-027	12/8/2009	Army's Management of the Operations and Support Phase of the Acquisition Process for Body Armor
DoD	D-2010-021	11/23/2009	Using System Threat Assessments in the Acquisition of Tactical Wheeled Vehicles
DoD	D-2010-022	11/20/2009	Management of Nontactical Vehicles in Support of Operation Iraqi Freedom
DoD	Memo	11/16/2009	Department of the Army Deferred Maintenance on the Bradley Fighting Vehicle
DoD	D-2010-005	11/3/2009	Information Security at the Fleet and Industrial Supply Center, Sigonella, Detachment Bahrain
DoS	AUD/IQO-09-25	10/21/2009	Audit of Contract Administration, Commissioning and Accreditation of the NEC Baghdad
GAO	GAO-10-288R	12/18/2009	Overseas Contingency Operations: Funding and Cost Reporting for the Department of Defense
GAO	GAO-10-156	11/12/2009	State Department: Diplomatic Security's Recent Growth Warrants Strategic Review
GAO	GAO-10-187	11/2/2009	Contingency Contracting: Further Improvements Needed in Agency Tracking of Contractor Personnel and Contracts in Iraq and Afghanistan
GAO	GAO-10-179	11/2/2009	Operation Iraqi Freedom: Preliminary Observations on DoD Planning for the Drawdown of U.S. Forces from Iraq
GAO	GAO-10-95	10/29/2009	Warfighter Support: Actions Needed to Improve Visibility and Coordination of DoD's Counter-Improvised Explosive Device Efforts
GAO	GAO-10-119	10/16/2009	Warfighter Support: Independent Expert Assessment of Army Body Armor Test Results and Procedures Needed Before Fielding
GAO	GAO-10-01	10/1/2009	Contingency Contracting: DoD, State, and USAID Continue to Face Challenges in Tracking Contractor Personnel and Contracts in Iraq and Afghanistan
USAAA	A-2010-0018-ALL	12/17/2009	Management and Visibility of Government Property Provided to the Contractor Performing Bulk Fuel Operations in Kuwait
USAAA	A-2010-0030-ALL	12/14/2009	Contracting Operations, Joint Contracting Command – Iraq/Afghanistan, Baghdad Regional Contracting Center and Theater-Wide Requirements Division, International Zone, Baghdad, Iraq
USAAA	A-2010-0019-ALM	12/8/2009	Time-Sensitive Issue – Nonstandard Equipment Sustainment of Terminated Systems
USAAA	A-2010-0021-ALL	12/8/2009	Retrograde Operations in Southwest Asia – Kuwait, Class IX Aviation Warehouse, Camp Arifjan, Kuwait
USAAA	A-2010-0022-ALL	12/7/2009	Retrograde Operations in Southwest Asia, Multi-Class Retrograde, Camp Arifjan, Kuwait
USAAA	A-2010-0013-ALM	11/16/2009	Automatic Reset Induction Retrograde and Depot Operations

Table 5.2

Ongoing Oversight Activities of Other U.S. Agencies, as of 12/31/2009

Agency	Project Number	Date Initiated	Report Title
DoD	D2010-D000IG-0073.000	12/7/2009	Update to the Summary Report on Challenges, Recommendations, and Initiatives Impacting OEF/OIF As Reported by Federal and Defense Oversight Organizations for FY 2003-FY 2009
DoD	D2010-D000JA-0055.000	10/27/2009	Management of Operations in the Theater Retrograde, Camp Arifjan, Kuwait
DoD	D2010-D000JA-0054.000	10/27/2009	Controls Over the Disposition of Equipment at the Defense Reutilization and Marketing Office at Camp Arifjan, Kuwait
DoD	D2010-D000AS-0031.000	10/27/2009	Logistics Civil Augmentation Program IV Support Contract
DoD	D2009-D000FH-0292.000	9/23/2009	Commercial Vendor Services Compliance With Federal Tax Reporting Requirements for Contractors Supporting Operations in Southwest Asia
DoD	Not reported	Not reported	Ministerial Capacity Development of the Iraqi Ministries of Defense and Interior Inspectors General
DoD	D2009-D000JB-0307.000	9/16/2009	Controls Over the Accountability and Disposition of Government Furnished Property in Iraq
DoD	D2009-DIPOE3-0306.000	9/11/2009	Review of Army Response to Sodium Dichromate Exposure at Qarmat Ali Iraq
DoD	D2009-D000LC-0240.002	9/10/2009	Inter-Theater Transportation Planning, Capabilities, and Execution for the Drawdown from Iraq
DoD	D2009-D00SPO-0310.000	9/10/2009	Assessment of Intra-Theater Transportation Planning, Capabilities, and Execution for the Drawdown from Iraq
DoD	D2009-DIPOAI-0305	9/1/2009	Contract Audit Follow-Up Review on Incurred Cost Audits Related to Iraq Reconstruction Activities
DoD	D2009-D000JB-0280.000	8/10/2009	DoD's Plans for the Drawdown and Reset of Property in Iraq
DoD	D2009-D000AS-0266.000	7/31/2009	Contracts Supporting Base Operation in Kuwait
DoD	D2009-D000AS-0264.000	7/20/2009	Air Forces Central War Reserve Materiel Contract
DoD	D2009-D000JB-0254.000	7/13/2009	Contracting for Organizational and Direct Support Maintenance at Joint Base Balad, Iraq
DoD	D2009-D000AS-0247.000	7/10/2009	Contracts Supporting the Broad Area Maritime Surveillance Program
DoD	D2009-D000CH-0244.000	7/7/2009	International Oil Trading Company Contracts to Supply Fuel to U.S. Troops in Iraq
DoD	D2009-D000LC-0237.000	6/11/2009	Air Cargo Transportation Contracts in Support of Operation Iraqi Freedom and Operation Enduring Freedom
DoD	D2009-D00SPO-0242.00	6/11/2009	Assessment of the Defense Hotline Allegations Concerning Traumatic Brain Injury Research Integrity in Iraq
DoD	D2009-DINT01-0203.000	6/10/2009	Review of the Joint Task Force Guantanamo Inclusion of Detainee Mental Health Information in Intelligence Information Reports
DoD	D2009-D000IG-D00SPO.0225.000	5/15/2009	Assessment Research on the Case Management Processes for Combat Amputees
DoD	D2009-D000IG-D00SPO.0226.000	5/15/2009	Assessment Research on Enlisted Administrative Separations
DoD	D2009-D000AE-0210.000	4/28/2009	Marine Corps Fulfillment of Urgent Universal Need Statements for Laser Dazzlers
DoD	D2009-D000FC-0199.000	4/17/2009	Allowances and Differentials Paid to DoD Civilian Employees Supporting the Global War on Terror
DoD	D2009-D000FG-0183.000	4/7/2009	FY 2008 Marine Corps Global War on Terror-Related Costs Processed Through the Standard Accounting, Budgeting, and Reporting System
DoD	D2009-D000JB-0181.000	4/3/2009	Multi-National Force-Iraq/Multi-National Corps-Iraq Fire Services Inspection and Training Program
DoD	D2009-D000JA-0108.002	4/2/2009	Information Operations in Iraq
DoD	D2009-D000FC-0176.000	3/19/2009	Controls Over Unliquidated Obligations for Department of the Army Contracts Supporting the Global War on Terror
DoD	D2009-D000FC-0165.000	3/4/2009	Controls Over Department of the Navy Military Payroll Processed in Support of the Global War on Terror at San Diego-Area Disbursing Centers
DoD	D2009-D000AS-0163.000	3/2/2009	Army and Navy Small Boats Maintenance Contracts

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Agency	Project Number	Date Initiated	Report Title
DoD	D2009-D000FI-0150.000	2/13/2009	Material Purchases Made Through Partnership Agreements at Corpus Christi Army Depot
DoD	D2009-D000JA-0136.000	1/30/2009	Controls Over the Common Access Card in Non-Department of Defense Agencies
DoD	D2009-D000LD-0110.000	1/29/2009	Air Force Depot Maintenance Public-Private Partnerships
DoD	D2009-DIPOAI-0141	1/29/2009	Review of Army Decision Not to Withhold Funds on the Logistics Civil Augmentation Program (LOGCAP) III Contract
DoD	D2009-D000FB-0112.000	1/5/2009	Deployment of the Standard Procurement System in the Joint Contracting Command Iraq/Afghanistan
DoD	D2009-D000AE-0102.000	12/9/2008	DoD Countermine and Improvised Explosive Device Defeat Systems Contracts
DoD	D2009-D000CK-0100.000	12/9/2008	Maintenance and Support of Mine Resistant Ambush Protected Vehicle
DoD	D2009-D000CF-0095.000	12/1/2008	DoD's Use of Time and Materials Contracts
DoD	D2009-D000AS-0092.000	12/1/2008	Counter Radio-Controlled Improvised Explosive Device Electronic Warfare Program
DoD	D2009-D000CD-0071.000	11/12/2008	Implementation of Predator/Sky Warrior Acquisition Decision Memorandum Dated May 19, 2008
DoD	D2007-D000FD-0198.001	10/10/2008	Reannouncement of the Audit of Funds Appropriated for Afghanistan and Iraq Processed Through the Foreign Military Sales Trust Fund
DoD	D2009-D000AE-0007.000	9/29/2008	Army Acquisition Actions in Response to the Threat to Light Tactical Wheeled Vehicles
DoD	D2008-D000AB-0266.000	9/18/2008	Defense Contract Management Agency Acquisition Workforce for Southwest Asia
DoD	D2008-D000LF-0267.000	9/12/2008	Medical/Surgical Prime Vendor Contracts Supporting Coalition Forces in Iraq and Afghanistan
DoD	D2008-D000FN-0230.000	8/28/2008	Information Assurance Controls Over the Outside the Continental United States Navy Enterprise Network as related to the Global War on Terror
DoD	D2008-D000LD-0245.000	8/27/2008	Central Issues Facilities
DoD	D2008-D000CD-0256.000	8/7/2008	DoD Body Armor Contracts
DoD	D2008-D000FP-0252.000	8/1/2008	Department of the Air Force Military Pay in Support of the Global War on Terror
DoD	D2008-D000AE-0251.000	7/21/2008	Army's Use of Award Fees on Contracts That Support the Global War on Terror
DoD	D2008-D000LH-0249.000	7/14/2008	Equipment Repair and Maintenance Contracts for Aircraft and Aircraft Components Supporting Coalition Forces in Iraq and Afghanistan
DoD	D2008-D000CE-0221.000	6/9/2008	DoD and DoD Contractor Efforts to Prevent Sexual Assault/Harassment Involving Contractor Employees Within Operations Enduring Freedom and Iraqi Freedom Areas of Operation
DoD	D2008-D000FJ-0210.000	5/30/2008	Department of the Army Deferred Maintenance on the Abrams Tank Fleet as a Result of the Global War on Terror
DoD	D2008-D000FD-0214.000	5/20/2008	Contracts for Spare Parts for Vehicle-Mounted Small Arms in Support of the Global War on Terror
DoD	D2008-D000CE-0187.000	4/23/2008	Acquisition of Ballistic Glass for the High-Mobility Multipurpose Wheeled Vehicle
DoD	D2008-D000JC-0186.000	4/23/2008	Class III Fuel Procurement and Distribution in Southwest Asia
DoD	D2008-D000FP-0132.000	2/25/2008	Internal Controls Over Army, General Fund, Cash and Other Monetary Assets Held in Southwest Asia
DoD	2008C003	2/7/2008	Evaluation of DoD Sexual Assault Response in Operations Enduring Freedom and Iraqi Freedom Areas of Operation
DoD	D2007-D000FL-0252.000	8/31/2007	Internal Controls and Data Reliability in the Deployable Disbursing System
DoS	10-ISP-3013	9/1/2009	De-mining Programs in Iraq
DoS	09MERO3021	8/1/2009	Baghdad Embassy Security Force (BESF)
DoS	09MERO3017	6/1/2009	Property Inventory and Accountability at Embassy Baghdad
DoS	09MERO3016	6/1/2009	LOGCAP Task Order for Embassy Baghdad
GAO	120874	11/1/2009	Contracting in Iraq and Afghanistan

Agency	Project Number	Date Initiated	Report Title
GAO	320734	11/1/2009	Joint Campaign Plan for Iraq
GAO	351376	9/1/2009	Readiness of Air Force Combat and Expeditionary Combat Forces
GAO	351385	9/1/2009	Review of Combat Skills Training for Support Forces
GAO	351387	9/1/2009	Review of Army and Marine Corps Training Capacity
GAO	351388	9/1/2009	Review of Availability of Trained and Ready Forces for Iraq and Afghanistan
GAO	351393	8/28/2009	DoD Medical Wartime Personnel Requirements
GAO	361123	8/1/2009	U.S. Military Burns of Solid Waste in Open Pits in Iraq and Afghanistan
GAO	320691	7/1/2009	U.S. Civilian Agency Planning for the Drawdown of U.S. Troops in Iraq
GAO	320694	7/1/2009	Iraq Refugees and SIV Employment in the United States
GAO	320645	3/9/2009	U.S., Iraqi, and International Efforts to Address Challenges in Reintegrating Displaced Iraqis
GAO	351271	3/1/2009	DoD's Basis for Unmanned Aircraft Systems Program Levels and Plans to Support Those Levels
GAO	351429	2/1/2009	DoD's Planning for the Withdrawal of U.S. Forces from Iraq
GAO	120812	2/1/2009	Iraq and Afghanistan Contractor Oversight
GAO	320638	10/1/2008	Iraq Cost Sharing Arrangements
GAO	351242	8/7/2008	Intelligence, Surveillance, and Reconnaissance (ISR) Processing Capabilities
GAO	351230	6/1/2008	Joint IED Defeat Organization (JIEDDO) Strategic Management
GAO	351236	6/1/2008	Urgent Wartime Requirements
USAAA	A-2010-ALM-0008.000	1Q/FY 2010	Contracting for Maintenance Support – Life Cycle Management Commands
USAAA	A-2010-ALC-0122.000	1Q/FY 2010	Contracting Activities in Iraq during and after Force Drawdown
USAAA	A-2010-ALL-0087.000	1Q/FY 2010	Life Support Contracts for U.S. Forces at Basra-Iraq
USAAA	A-2010-ALL-0232.000	1Q/FY 2010	Forward Operating Base Closures – Property Transfers to Government of Iraq
USAAA	A-2010-ALL-0105.000	1Q/FY 2010	Follow-up Audit on Forward Operating Base Closures – Iraq
USAAA	A-2010-ALL-0106.000	1Q/FY 2010	Follow-up Audit on Sensitive Items Accountability and Control at Abu Ghraib-Iraq
USAAA	A-2009-ALC-0594.000	4Q/FY 2009	Joint Contracting Command-Iraq/Afghanistan Attestation
USAAA	A-2009-ALL-0571.000	4Q/FY 2009	Contract for Recycling and Disposing of Waste Material at Camp Steeler, Iraq
USAAA	A-2009-ALL-0590.000	4Q/FY 2009	Camp Buehring Fuel Farm Operations - Kuwait
USAAA	A-2009-ALL-0531.000	4Q/FY 2009	Commander's Emergency Response Program - Afghanistan
USAAA	A-2009-ALL-0593.000	4Q/FY 2009	Controls over Shipping Container Accountability and Visibility - Iraq
USAAA	A-2009-ALC-0535.000	5/21/2009	Award Fee Determinations on Logistics Civil Augmentation Program LOGCAP III Contract, Task Order 0139
USAAA	A-2009-FFS-0075.000	3/31/2009	Reserve Component Post Mobilization Training
USAAA	A-2009-ALL-0133.000	3/26/2009	Force Protection – Security Badging (Kuwait)
USAAA	A-2009-ALL-0118.000	2/10/2009	Controls over Vendor Payments – Southwest Asia (Phase II)
USAAA	A-2009-ALL-0110.000	2/2/2009	Multi-National Security Transition Command-Iraq (MNSTC-I), Iraqi Security Forces Fund (ISFF)
USAAA	A-2009-ALL-0106.000	2/2/2009	Contracting Operations at the Joint Contracting Command-Iraq/Afghanistan – Jalalabad (Afghanistan)
USAAA	A-2009-ALM-0059.000	1/27/2009	Non-Standard Equipment Sustainment
USAAA	A-2009-ALL-0354.000	1/20/2009	Forward Operating Base (FOB) Closures
USAAA	A-2008-ALA-0588.000	1/20/2009	Foreign Military Sales (FMS)
USAAA	A-2009-ALC-0093.000	10/20/2008	Logistics Civil Augmentation Program (LOGCAP) III, Contract Close-out

Agency	Project Number	Date Initiated	Report Title
USAAA	A-2008-FFF-0081.000	9/10/2008	Unit Training on Defeat Improvised Explosive Devices (IEDs)
USAAA	A-2008-ALL-0401.000	9/1/2008	Contracting Operations at the Joint Contracting Command-Iraq/Afghanistan – Kandahar and Salerno (Afghanistan)
USAAA	A-2008-ALL-0398.000	7/21/2008	Controls over Logistics Civil Augmentation Program (LOGCAP) – White Property
USAAA	A-2008-ALL-0403.000	7/7/2008	Housing Contracts – Area Support Group (ASG) - Kuwait
USAAA	A-2008-ALL-0633.000	6/18/2008	U.S. Army Corps of Engineers (USACE) Pilot Defense Base Act (DBA) Insurance Program
USAAA	A-2008-ALL-0625.000	6/9/2008	Follow-up Audit of Contracting Operations, U.S. Army Contracting Command (USACC), SWA-Kuwait (Phase I)
USAAA	A-2008-ALM-0311.000	2/18/2008	Directorate of Logistics Workload Supporting Reset
USAAA	A-2008-FFF-0044.000	2/12/2008	Management of the Prepositioned Fleet at Combat Training Centers
USAAA	A-2008-ALL-0320.000	1/28/2008	Contracting Operations at the Joint Contracting Command-Iraq/Afghanistan (Bagram)
USAAA	A-2007-ALL-0887.002	7/26/2007	Contracting Operations at the Joint Contracting Command-Iraq/Afghanistan (Victory)
USAAA	A-2007-ALL-0859.000	6/18/2007	Contracting Operations, U.S. Army Contracting Command (USACC), SWA-Kuwait (Phase II)
USAID	Not reported	1Q/FY 2010	Audit of USAID/Iraq's Agriculture Private Sector Development – Agribusiness Program
USAID	Not reported	4Q/FY 2009	Audit of USAID/Iraq's Implementation of the Iraq Financial Management Information System
USAID	Not reported	4Q/FY 2009	Survey of Incidents Reported by Private Security Contractors of USAID/Iraq's Contractors and Grantees
USAID	Not reported	1Q/FY 2009	Audit of USAID's Internally Displaced Persons Activities in Iraq

OTHER AGENCY INVESTIGATIONS

SIGIR regularly coordinates with other government agencies conducting investigations in Iraq. For statistics of investigative activities from other agencies, see Table 5.3.

TABLE 5.3

STATUS OF INVESTIGATIVE ACTIVITIES OF OTHER U.S. AGENCIES, AS OF 12/31/2009

AGENCY	INVESTIGATORS IN IRAQ	INVESTIGATORS IN KUWAIT	OPEN/ONGOING CASES*
U.S. Army Criminal Investigation Command, Major Procurement Fraud Unit	7	2	129
Defense Criminal Investigative Service	7	2	225
DoS OIG	1	0	23
Federal Bureau of Investigation	5	2	76
Naval Criminal Investigative Service	1	1	20
U.S. Air Force Office of Special Investigations	2	0	7
USAID	2	0	10
Total	**25**	**7**	**490**

* Numbers include pending cases worked with other agencies within the Joint Operations Center.

ENDNOTES AND ACRONYMS AND DEFINITIONS

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14. DoS, *Iraq Status Report*, 1/6/2010, slide 12.
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ACRONYMS AND DEFINITIONS

This section contains all of the abbreviations and acronyms found in this Report.

Acronym	Definition
AAB	Advise and Assist Brigade
ABOT	Al Basrah Oil Terminal
ACCO	Anti-Corruption Coordination Office
AFAA	Air Force Audit Agency
AIJS	Afghanistan, Iraq, Jordan Support Division
AQI	al-Qaeda in Iraq
ATC	Air Traffic Control
BACC	Baghdad Area Control Center
BCT	Brigade Combat Team
BGAN	Broadband Global Area Network
BGC	Basrah Gas Company
BP	British Petroleum
BPD	Barrels Per Day
BSA	Board of Supreme Audit
CBI	Central Bank of Iraq
CCC-I	Central Criminal Court of Iraq
CENTCOM	U.S. Central Command
CERP	Commander's Emergency Response Program
CIA	U.S. Central Intelligence Agency
CID-MPFU	U.S. Army Criminal Investigation Command-Major Procurement Fraud Unit
CMC	Communications Media Commission (GOI)
CMM	Capability Maturity Model
CNPC	China National Petroleum Corporation
COB	Combat Operating Base
COFE	Committee of Financial Experts
COI	Commission on Integrity (previously known as Commission on Public Integrity)
CoM	Council of Ministers
CoR	Council of Representatives
COSIT	Central Organization for Statistics and Information Technology (GOI)
CPA	Coalition Provisional Authority
CPA-SC	CPA-South Central Region
CRS	Congressional Research Service (Library of Congress)
CSH	Child Survival and Health

Acronym	Definition
CTC	Correctional Training Center
CTC	Counter-Terrorism Command
CTNET	Counter-Terrorism Network
DCAA	Defense Contract Audit Agency
DCIS	Defense Criminal Investigative Service
DCM	Deputy Chief of Mission
DFAS	Defense Finance and Accounting Service
DFI	Development Fund for Iraq
DoD	Department of Defense
DoD OIG	Department of Defense Office of Inspector General
DOI	Daughters of Iraq
DoJ	Department of Justice
DoL	Department of Labor
DoS	Department of State
DoS OIG	Department of State Office of Inspector General
DRL	Bureau of Democracy, Human Rights and Labor
EC	European Commission
ECA	Bureau of Educational and Cultural Affairs
EITI	Extractive Industries Transparency Initiative
EIU	*Economist* Intelligence Unit
ePRT	Embedded Provincial Reconstruction Team
ESD	Energy and Services Division
ESF	Economic Support Fund
EU	European Union
FBI	Federal Bureau of Investigation
FinCEN	Financial Crimes Enforcement Network
FMS	Foreign Military Sales
FPS	Facilities Protection Service (GOI)
FRAGO	Fragmentary Order
FY	Fiscal Year
GAO	Government Accountability Office
GDP	Gross Domestic Product
GEO	Governorate Electoral Office
GFS	Government Furnished Services
GMADD	Green Mada'in Association for Agricultural Development
GMASS	Global Maintenance and Supply Services
GOI	Government of Iraq
GRC	Gulf Region Division-Central District
GRD	Gulf Region Division
GRN	Gulf Region-North District

ACRONYM	DEFINITION	ACRONYM	DEFINITION
GRS	Gulf Region-South	IRI	International Republican Institute
GSM	Global System for Mobile	IRMS	Iraq Reconstruction Management System
HHS	Health and Human Services	IRRF	Iraq Relief and Reconstruction Fund
HJC	Higher Judicial Council	IRS	Internal Revenue Service
IA	Iraqi Army	ISAM	Iraq Security Assistance Mission
IAMB	International Advisory and Monitoring Board	ISF	Iraqi Security Forces
ICAA	Iraq Civil Aviation Authority	ISFF	Iraq Security Forces Fund
ICE	Immigration and Customs Enforcement	ITAM	Iraq Training and Advisory Mission
I-CERP	Iraq-Commander's Emergency Response Program	ITAO	Iraq Transition Assistance Office
ICITAP	International Criminal Investigative Training Assistance Program	IZ	International Zone
		JCC-I/A	Joint Contracting Command, Iraq/Afghanistan
ICOR	In-country Contracting Officer	JPU	Judicial Protection Unit
ICRC	International Committee of the Red Cross	KDP	Kurdistan Democratic Party
ICS	Iraqi Correctional Service	km	Kilometer
IDA	International Disaster Assistance	KRG	Kurdistan Regional Government
IDFA	International Disaster and Famine Assistance	LOGCAP	Logistics Civil Augmentation Program
IDP	Internally Displaced Person	LPG	Liquefied Petroleum Gas
IED	Improvised Explosive Device	LSA	Logistical Support Area
IFES	International Foundation for Electoral Systems	MAAWS	Money As A Weapon System
IFF	Iraq Freedom Fund	MBPD	Million Barrels per Day
IG	Inspector General	MCTF	Major Crimes Task Force
IHAP	Iraq Humanitarian Action Plan	MEES	Middle East Economic Survey (publication resource)
IHCHR	Independent High Commission for Human Rights	MMQA	Maturity Model Quarterly Assessment
IHEC	Independent High Electoral Commission	MNC-I	Multi-National Corps-Iraq
IIGC	Iraq Inspectors General Council	MND-B	Multi-National Division-Baghdad
IJ	Investigative Judge	MNF-I	Multi-National Force-Iraq
IJU	Iraqi Jurist Union	MNSTC-I	Multi-National Security Transition Command-Iraq
IKP	Iraqi Kurdistan Parliament		
IMC	International Medical Corps	MOC	Ministry of Communications
IMET	International Military Education and Training	MOD	Ministry of Defense
IMF	International Monetary Fund	MODM	Ministry of Displacement and Migration
INCLE	International Narcotics Control and Law Enforcement	MOE	Ministry of Electricity
		MOF	Ministry of Finance
INCTF	Iraqi National Counter-Terrorism Force	MOH	Ministry of Health
INL	Bureau of International Narcotics and Law Enforcement Affairs (DoS)	MOI	Ministry of Interior
		MOJ	Ministry of Justice
INOC	Iraq National Oil Company	MOT	Ministry of Transportation
IOM	International Organization for Migration	MOU	Memorandum of Understanding
IP	Iraqi Police	MoWR	Ministry of Water Resources
IPA	International Police Advisor	MRA	Migration and Refugee Assistance
IRAP	Iraq Rapid Assistance Program	MW	Megawatt
IRFFI	International Reconstruction Fund Facility for Iraq		

Acronym	Definition
MWh	Megawatt-hour
NADR	Nonproliferation, Anti-Terrorism, Demining, and Related Programs
NCD	National Capacity Development
NCIS	Naval Criminal Investigative Service
NDI	National Democratic Institute
NEA-I	Bureau of Near Eastern Affairs-Iraq (DoS)
NFL	Ninewa Fraternal List
NGO	Non-governmental Organization
NIC	National Investment Commission
NRRRF	Natural Resources Risk Remediation Fund
O&M	Operations and Maintenance
OECD	Organisation for Economic Cooperation and Development
OFDA	U.S. Office of Foreign Disaster Assistance
OHA	Office of the Health Attaché (U.S. Embassy-Baghdad)
OHCHR	Office of the High Commissioner for Human Rights (UN)
OHDACA	Overseas Humanitarian, Disaster, and Civic Aid
OIF	Operation Iraqi Freedom
OMB	Office of Management and Budget
OPA	Office of Provincial Affairs
OSC-I	Office of Security Cooperation-Iraq
OSD	Office of the Secretary of Defense
OTA	Office of Technical Assistance
PC	Provincial Council
PCO	Project and Contracting Office
PDS	Public Distribution System
PEZ	Pipeline Exclusion Zone
PFB	Procurement Fraud Branch
PHC	Primary Healthcare Center
PIC	Provincial Investment Commission
P.L.	Public Law
PPO	Project Purchasing Officer
PPR	Performance Plan and Report
PRDC	Provincial Reconstruction Development Council
PRM	Bureau of Population, Refugees and Migration
PRT	Provincial Reconstruction Team
PSC	Private Security Contractor
PSD	Personal Security Detachment
PUK	Patriotic Union of Kurdistan
QA	Quality Assurance
QC	Quality Control

Acronym	Definition
QRF	Quick Response Fund
RCLO	Regime Crimes Liaison Office
REO	Regional Embassy Office
RoL	Rule of Law
RoLA	Rule of Law Advisor
RoLC	Rule of Law Coordinator
RRT	Regional Reconstruction Team
RSO	Regional Security Office
SA	Security Agreement
SBA	Stand-By Arrangement
SIGAR	Special Inspector General for Afghanistan Reconstruction
SIGIR	Special Inspector General for Iraq Reconstruction
SOI	Sons of Iraq
SOMO	State Oil Marketing Organization
SOW	Statement of Work
TBI	Trade Bank of Iraq
TFBSO	Task Force for Business and Stability Operations
TPAO	Turkish Petroleum Corporation
UDHR	UN Universal Declaration of Human Rights
UIA	United Iraqi Alliance
UN	United Nations
UNAMI	UN Assistance Mission for Iraq
UNCAC	United Nations Convention Against Corruption
UNDG ITF	United Nations Development Group Iraq Trust Fund
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
UNODC	United Nations Office on Drugs and Crime
USAAA	U.S. Army Audit Agency
USACE	U.S. Army Corps of Engineers
USAID	U.S. Agency for International Development
USAID OIG	U.S. Agency for International Development Office of Inspector General
USDA	U.S. Department of Agriculture
USF-I	U.S. Forces-Iraq
USTDA	U.S. Trade and Development Agency
WFP	World Food Programme
WHO	World Health Organization